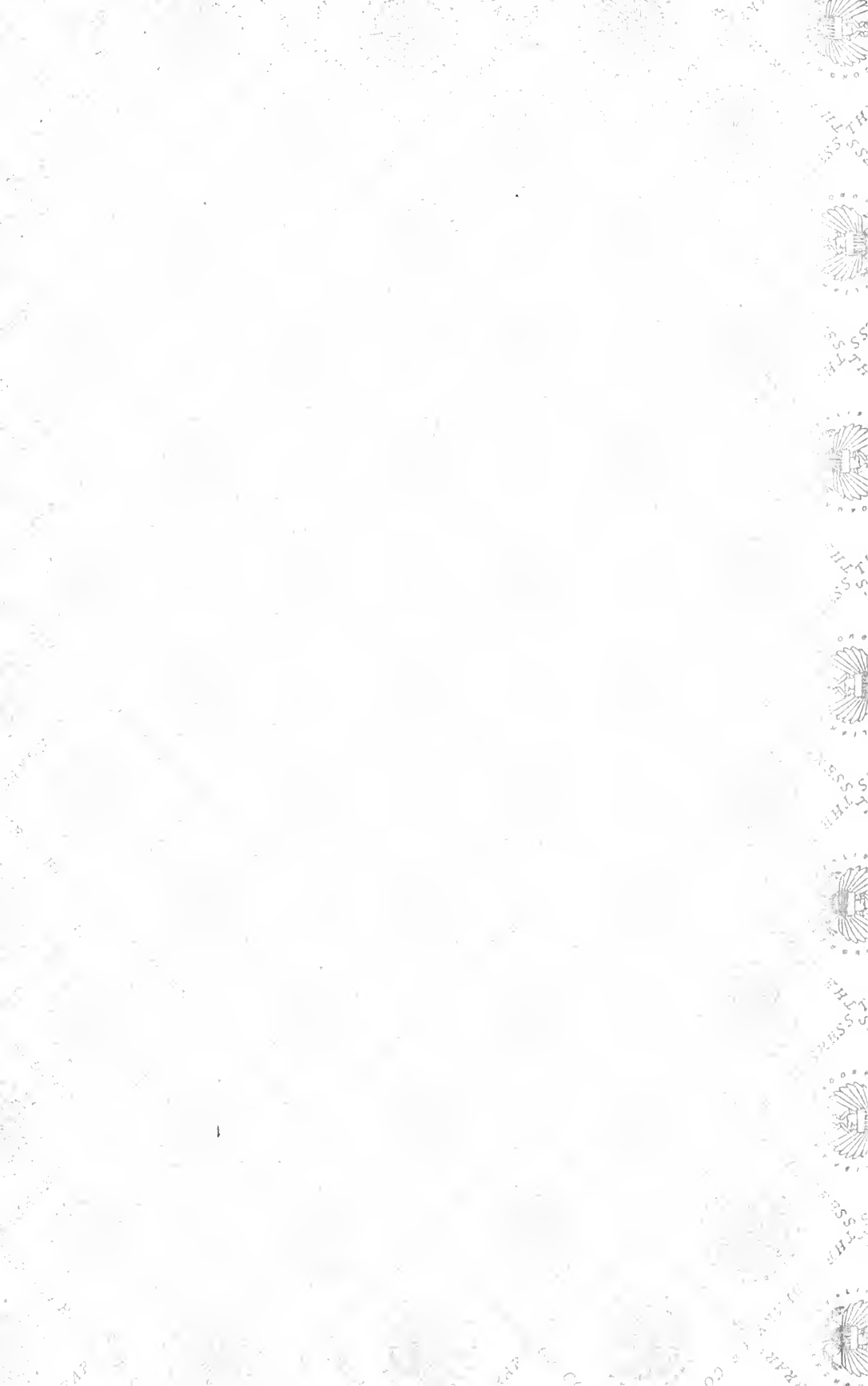


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FINAL REPORT  
OF  
UNITED STATES  
LIQUIDATION COMMISSION  
WAR DEPARTMENT



BY  
EDWIN B. PARKER, Chairman



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## FINAL REPORT OF THE UNITED STATES LIQUIDATION COMMISSION-- WAR DEPARTMENT.

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To the honorable the SECRETARY OF WAR:

The United States Liquidation Commission—War Department was created February 11, 1919, "as the central agency" (1) to dispose of America's surplus war stocks in Europe, and (2) to settle all claims and accounts between Allied Governments and their nationals on the one part and the United States War Department on the other part, growing out of or in anywise connected with the war.

The duties and responsibilities of the Commission have fallen naturally into two general divisions: (1) Sales and (2) settlements of accounts and claims.

**SALES.**—The stocks, the disposition of which constituted a part of the Commission's task, were located chiefly in France, but some of them were in Great Britain, some in Germany, Holland, Belgium, Spain, Portugal, and Italy. Out of them more than 2,000,000 men were fed, supplied, and equipped pending their return to America at the rate of approximately 250,000 men per month until the return transportation was completed the latter part of 1919. Supplies and equipment of the estimated value of \$672,000,000 were returned to the United States. The balance was sold in Europe for \$822,923,225.82.

Sales of approximately \$108,700,000 were made for cash on delivery; sales of approximately \$532,500,000 were made to the French Government; sales amounting to about \$29,000,000 were made to Belgium; and sales aggregating \$140,100,000 were made to Poland, Czechoslovakia, Serbia, Roumania, and other so-called liberated nations of Central Europe and the Near East. Those made to the nations mentioned are evidenced by their 5 per cent interest-bearing bonds maturing from 2 to 10 years after date. Other sales were made on short-term credits, which have been or are being collected by the appropriate Army services.

The most important sale consummated was what is known as the "Bulk sale to France" of surplus war stocks remaining unsold in France on August 1, 1919; the considerations moving from France

being (a) \$400,000,000 in 10-year 5 per cent bonds; (b) the assumption by France of all rents for installations accruing after August 1, 1919, and the agreement of France to hold America harmless against all claims (numbering approximately 150,000) of every nature whatsoever arising out of American occupation and use of such installations and lands; and (c) the waiver by France of all claims whatsoever (conservatively estimated at \$150,000,000) for taxes or customs duties on properties imported into France and sold since April 6, 1917.

Eight hundred and eighty-one thousand nine hundred and nine animals were sold for \$35,133,065.02.

Pursuant to an act of Congress passed in July, 1919, the Secretary of War, acting through the Commission, delivered to the American Red Cross, without cost to it, medical, surgical, and hospital supplies and equipment, and dietary foodstuffs of the value of \$9,964,851.16.

SETTLEMENTS.—The settlement of the mutual claims between the United States War Department and the nations associated with us in the war have for the most part taken the form of a series of contracts of adjustment. Wherever possible, controversies were composed, mutual accounts stated, and a balance struck, so that by this set-off process cash payments were reduced to a minimum. The principal contracts of this nature may be briefly summarized as follows:

(1) A contract whereby France assumed all of our obligations to the railroads of France, covering all services rendered from our entry into the war to October 1, 1919, upon our agreement to pay 434,985,389.73 francs. This payment settles all bills for carrying and re-carrying more than 2,000,000 men over the longest lines of communication of any of the Allied Armies, including their travel on leave; for carrying the American Army of Occupation over French railroads to and from Germany; and for transporting and handling over 15,000,000 tons of freight.

(2) A contract whereby France assumed all obligations to local chambers of commerce and other claimants for costs incurred in raising water levels for our use and benefit and for all charges for port dues for the entry of American vessels in French ports between April 6, 1917, and the time of the complete evacuation of France by American forces, upon our paying 3,000,000 francs.

(3) A contract whereby France assumed all claims of any person, organization, association, corporation, commune, or department of France against America for damage to, use, or loss of property, or injury to or death of persons, arising between April 6, 1917, and December 31, 1919, upon the payment by America of 12,000,000 francs.



(4) A contract of general settlement with France, dated November 25, 1919, finally and for all time disposing of all claims and controversies between France and the War Department of the United States, by the terms of which France acknowledged an indebtedness to America (in addition to the \$400,000,000 evidenced by bulk sale bonds) of \$177,149,866.86, and America acknowledged an indebtedness to France (in addition to the amounts mentioned in the three preceding paragraphs) of 1,488,619,027.52 francs.

(5) A contract of general settlement with Belgium, dated November 17, 1919, finally and for all time disposing of all claims and controversies between Belgium and the War Department of the United States, by the terms of which Belgium acknowledges a net balance due the United States of \$27,162,720.93, evidenced by three-year 5 per cent bonds.

(6) A contract of general settlement with Italy, dated February 18, 1920, finally disposing of all claims between Italy and the War Department of the United States, showing a net balance in favor of Italy of the sum of 29,106,546.75 lire, which has been paid.

(7) Contracts with Great Britain, whereby (a) the United States was relieved from the payment of all indemnity claims under contracts for the purchase of artillery and ammunition in process of manufacture, upon the purchase by and delivery to the United States at cost of completed artillery units and ammunition equal to such claims; (b) the United States was relieved of a contract to take delivery of 210,000 bales of Australian wool, at a cost of approximately \$38,800,000, without the payment of any indemnity; (c) the Anglo-American tank enterprise was liquidated, yielding the United States 6,000,000 francs; (d) mutual interest claims were settled covering a long period, resulting in the payment to Great Britain of £797,854; and (e) the nitrate pool was liquidated.

(8) Numerous claims by nationals of France, Great Britain, Italy, Spain and Switzerland, principally for indemnity growing out of the cancellation of war contracts, have been considered and disposed of: 446 claims which, expressed in dollars at the normal rate of exchange, totaled \$17,427,175.41, were settled by the payment of \$8,413,984.19; while 53 claims, aggregating in amount \$739,894.91, were rejected.

Some conception of the Commission's task can be formed from (a) the statement of amounts involved in the settlements negotiated and actually consummated by and under the direction of the Commission of mutual accounts and claims between the United States War Department on the one part and the Allied Governments and their nationals on the other part (which settlements were where possible

consummated through set-offs without cash payments) and (b) the amount of sales of property made by the Commission, as follows:

*Amounts involved in settlements:*

Settlements with France -----	\$748,392,004.82
Settlements with Great Britain -----	112,996,912.16
Settlements with Belgium -----	2,279,827.12
Settlements with Italy -----	12,620,173.75
Settlements with individuals, associations, and others ----	17,427,175.41
Total amount involved in settlements -----	893,716,093.26

*Amounts of sales:*

Bulk sale to France -----	400,000,000.00
Other sales, stated in dollars -----	377,905,193.23
Other sales, stated in francs and converted -----	45,018,032.59
Total amount of all sales -----	822,923,225.82

The Commission was created February 11, 1919. The two remaining commissioners are herewith tendering their resignations on this the 31st day of May, 1920. The total expenses incurred and disbursements made by the Commission aggregate \$222,883.17. These expenditures are a trifle less than thirteen one-hundred-thousandths (0.00013) of the amounts involved in settlements made and sales negotiated by the Commission.

There is annexed to this report a brief review of the activities of this Commission. There is also forwarded a bound volume of the minutes of the daily meetings, comprising 470 closely typewritten pages, with an index. The files of the Commission have been reviewed, indexed, and delivered to your representative.

The Commission desires to acknowledge the loyal and efficient services rendered by the several members of its staff, without which the performance of its tasks would have been impossible. It is also the pleasure and privilege of this Commission to acknowledge that in the performance of its tasks it has had the whole-hearted and efficient support, assistance, and co-operation of the military forces, particularly of Gen. John J. Pershing, commander-in-chief of the American Expeditionary Forces; of Maj. Gen. J. G. Harbord, commanding general of the Services of Supply, and later of his successor, Brig. Gen. William D. Conner; and the chiefs of all of the services and the members of their respective staffs. While the Commission sometimes found itself handicapped and its work impeded for want of complete and accurate records, the only wonder is that the records were as nearly complete and accurate as we found them. The whole heart and mind and effort of the American Expeditionary Forces were bent on driving forward to win the war, not to make paper records, and the ordinary rules of business and of commercial usages did not and should not have obtained. For this and

other reasons, it was particularly important that our liquidation in Europe should be accomplished as speedily as possible and before the officers and men who were familiar with various undertakings should be demobilized and their services no longer available. It is believed that not the least of the beneficial effects flowing from this speedy liquidation was the rendering possible of the prompt return to their homes and to their normal pursuits of our soldiers drawn from civil life. The evacuation of Europe by American troops has been accomplished in a phenomenally short time, and the work of liquidation of both stocks and claims has kept pace with it. The United States has been relieved of the trouble breeding task and of the enormous overhead expense of disposing at retail of the irregular, unbalanced, and rapidly deteriorating stocks located 3,000 miles from home. The settlement of claims has eliminated countless opportunities for annoying controversies which might have proved endless sources of bitterness between us and the Governments and peoples of our Allies. Slightly over a year after the signing of the armistice, we find the Army home, bringing with it the good-will of the Governments and their nationals with whom America made common cause, the surplus stocks have been sold, and practically every claim settled.

Respectfully submitted,

EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—*

*War Department.*

WASHINGTON, D. C., May 31, 1920.



## BRIEF REVIEW OF THE ACTIVITIES OF THE UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT.

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### I. ORGANIZATION AND FUNCTIONS.

The signing of the armistice, November 11, 1918, found the United States and the nations associated with her in the war almost as unprepared for peace as they had been, a few years before, unprepared for war. The various powers had continued to press their military operations with full vigor up to the very last moment. It would not have been prudent to do otherwise, for there was always a chance that the armistice might be rejected or delayed. The constant flow, therefore, of both men and materials into France continued without interruption to the very end.

Numerous stocks had been assembled by the United States both at home and abroad, for the equipment and supply of over 2,000,000 men in France and over 2,000,000 more at camps in the United States and rapidly moving toward France. On November 11, 1918, the greater part of these stocks became surplus.

Where and how, to whom, and on what terms should these stocks be sold? What were the needs of the various nations of Europe with respect to them? To what extent, if at all, was it practicable for our Government to transport them, by land or by sea, with both kinds of transportation demoralized by the war? To what extent could commerce absorb, for peace-time uses, the vast stores of stocks assembled by the various nations for purposes of war? To what extent could France, Belgium, and the "Liberated Nations" of Central Europe use them to repair their wasted and devastated areas? Could these stocks be an important factor in re-establishing industry and a normal state of affairs in the countries threatened by Bolshevism? In the light of the impoverished condition of many of the peoples of Europe, as a result of war, who was in a position to pay for what should be bought, and to whom could credit be properly extended? In the light of the unprecedented fluctuations in the rates of exchange of the currencies of the various nations, which of them could afford to pay in terms of

money acceptable to our Government, and to whom could dollar credits be given?

Our Government was suddenly called upon to turn from the business of making war to answer, and to answer promptly, all of these and numerous other questions involved in the disposition of the surplus war stocks, and the liquidation of war claims. While it may be that men of experience and ripe judgment might have held divergent views regarding the answer to some of these questions, there was one point on which all of the people of the United States agreed, namely, that whatever the cost, whatever the inconvenience, the men who had been sent across the water to wage war, now that the victory had been won and their purpose accomplished, should be speedily returned, demobilized, and permitted to resume their former pursuits, to live their own lives, in their own country, in order that that country might return as rapidly as possible to normal conditions.

The cost to the Nation of maintaining this civilian soldiery abroad was very great, not only as a drain on the Public Treasury, but also on the private fortunes of the men and on the industrial conditions of the country. The demand for their prompt return was so insistent and so persistent that frequently other considerations had to yield; and it, in no small measure, determined the solution of many of the problems of liquidation. The men who were tired from the fighting and elated by the victory could not be asked to remain indefinitely to engage in merchandizing, either at wholesale or at retail, the numerous stocks which had been assembled for war.

It was believed that a civilian commission, working in co-ordination with the commander-in-chief of the American Expeditionary Forces and with the commanding general of the Services of Supply, and, through them, with each service of supply, could be more effective as a central agency for directing the liquidation of stocks, and the adjustment of claims in Europe than could a purely military body.

It was believed that, under the legislation existing at the time, the Secretary of War could, by direction of the President and as an incident to the war, create such a commission and clothe it with suitable power to dispose of these claims and of these surplus stocks.<sup>1</sup>

In order, however, that all possible doubt on the legality of the Commission's power might be removed, Congress passed an act which became law on March 2, 1919,<sup>2</sup> conferring power on the Secretary of War, "through such agency as he might designate or establish, to make equitable and fair adjustments" of claims arising out of war-time agreements or negotiations.

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<sup>1</sup> See Appendix I for the text of the Act of May 10, 1918, and of the Act of July 9, 1918, both authorizing sales of war supplies to associated nations and to individuals, corporations, and societies.

<sup>2</sup> See Appendix II for the text of section 3 of the Act of March 2, 1919, granting to the Secretary of War power to make equitable adjustments of war claims.

The United States Liquidation Commission—War Department, which will be referred to in this report as the "Commission," was created by General Orders, No. 24, issued February 11, 1919,<sup>3</sup> and designated as the central agency for the supervision and direction of (a) the disposition of all claims of every character between the United States, on the one part, and any foreign State or Government, or their nationals, on the other part, growing out of or in any wise connected with the war; and (b) the disposition of all property or interest in property of whatever kind or nature belonging to the United States, acquired, constructed, or manufactured in connection with or incidental to the war and now located beyond its territorial limits.

Immediately following the passage of the act of March 2, 1919 (supra), the Secretary of War caused to be issued General Orders, No. 40,<sup>4</sup> designating the Commission, already created, as the agency through which the powers granted by this act should be exercised in so far as they related to dealings with foreign Governments or their nationals, with the exception of Canada.

The Commission as originally formed consisted of four members, viz., Edwin B. Parker (chairman), Brig. Gen. Charles G. Dawes, Homer H. Johnson, and Henry F. Hollis. The organization meeting of the Commission was held in Paris on March 17, 1919.

On July 26, 1919, when the bulk sale to France was practically consummated, Gen. Dawes and Mr. Johnson tendered their resignations, which were accepted. Gen. Dawes returned to the United States, where, after his demobilization, he resumed his duties as president of the Central Trust Co. of Chicago, having given freely to his country of his time and means throughout the war. Mr. Johnson joined a commission created by the peace conference to study and report on conditions in Poland. The membership of the Commission was then reduced to three, and Col. J. H. Graham, who had for sometime past been acting as executive officer of the Commission, was made a member. On October 31, 1919, Senator Hollis tendered his resignation, which was accepted, and the vacancy thus created was never filled.

Upon the organization of the Commission, Junius G. Adams, a member of the Asheville, N. C., bar, formerly a judge advocate with the rank of major, became the Commission's executive secretary. He attended all the meetings of the Commission and participated in the deliberations, prepared the minutes of all official proceedings, and organized and directed the activities of the Commission's clerical staff. He continued in this position until he was sent

<sup>3</sup> See Appendix III for text of General Orders, No. 24.

<sup>4</sup> See Appendix IV for text of General Orders, No. 40.

by the Commission to Germany,<sup>5</sup> when he was succeeded by Lieut. Col. Edward T. Noble.

In defining its policies, the Commission made it clear that it did not propose to create an organization to supersede such existing agencies of the American Expeditionary Forces as were at that time discharging, in whole or in part, the duties falling within the Commission's jurisdiction. It proposed, rather, to supervise and direct such activities of these agencies, acting through and in cooperation with them, creating new ones or supplementing old ones only where some new development made such action necessary. It would have been impossible for the Commission to have created in Europe, at that time, an independent civilian organization of sufficient size to supersede the Army's forces and to carry out all of the details of the work for which the Commission was responsible.

With the wholehearted co-operation of Gen. Pershing, of Maj. Gen. Harbord, and of the chiefs of the several services of supply under him, no time was lost in taking measures to harmonize the work of the Commission with that of the various Army units, and in perfecting an organization suitable for making thorough and speedy investigations looking to the adjustment of claims and the disposition of stocks. For the purpose of instructing all concerned in the matter of the relation of the Commission to the several agencies of the American Expeditionary Forces, General Orders, No. 18,<sup>6</sup> prepared jointly by the chairman of the Commission and Gen. Harbord, were issued from the headquarters of the Services of Supply.

Under the plan outlined in this order, the Army services continued in the custody of all property. They were to exhibit it to prospective buyers and, whenever sales were made, deliver it and procure the receipts. The General Sales agent of the Services of Supply functioned also for the Commission, negotiating sales subject to its approval. The several services of the Army were instructed to collect complete data on all claims falling within their respective jurisdictions and to report them with recommendations to the Commission through the Army Finance Officer. The process of paying current or other regular bills and accounts through the usual channels was not disturbed. The work of the Division of Renting, Requisition, and Claims, so ably carried on by Col. Winship and his staff, was not interfered with.

Regular daily meetings were held by the Commission for the transaction of business, for the consideration and study of problems, for receiving and acting upon reports, and for hearing and deciding claims. The minutes of these meetings, carefully indexed, furnish a

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<sup>5</sup> See p. 34 of this report.

<sup>6</sup> See Appendix V for text of A. E. F. G. O., No. 18, S. O. S., 1919.



convenient and condensed chronological record of the work of the Commission.

On Friday morning of each week a special meeting was held in the office of the chairman, which meeting was always attended by the Commissioners, by the General Sales Agent, by members of the Commission's staff, and by officers of the Army interested in the particular word under consideration. The work relating to liquidations carried on by the various services was reviewed at these meetings, plans for each ensuing week were formulated, problems were freely discussed, information was sought by the Commission, and opinions were invited and frankly expressed.

The Commission established an Accounting Section, whose function was to co-ordinate accounts and claims in favor of and against the various Governments with which the Army had dealings. This Accounting Section rendered valuable service in the negotiations resulting in the general settlement agreements with France, Italy, and Belgium, and also in the settlements and negotiations with Great Britain. It has also been of considerable assistance to the Commission in the compilation of statistics prepared from information furnished by the various Army services.

The activities of the Commission divide naturally into two main groups: (1) Those relating to sales, and (2) those relating to settlements and adjustments of claims. Because of the location of stocks and of claimants, these groups, in turn, divide geographically. The account of the work will be given according to these divisions.

## II. SALES.

### SALES TO THE REPUBLIC OF FRANCE.

When the Commission took up its work, it found over a million and a half of American troops in Europe, caring for American property scattered all over France, over England, on the Rhine, and, in limited amounts, in Italy, Belgium, and Spain—property of every kind and description: installations and movables, factories, warehouses, docks, railroad yards, railroad equipment, motor transport, telephone and telegraph lines, food, clothing, tobacco, ammunition, guns, machinery, raw materials. Some of it was new, some of it was worn out, much of it was used.

National policy demanded, international policy demanded, that these troops be sent home without delay. Every day they remained in Europe cost a huge sum, not only to the Nation as such in pay and subsistence and in the loss of their enormous producing capacity at home, but in personal loss to the individuals because of delay in resuming their accustomed pursuits.

The docks, factories, assembling plants, and other installations were constructed on land belonging to some 150,000 separate owners, giving rise to unnumbered claims for rents, requisitions, restorations, and damages. This property had been assembled and installed under extreme pressure, for immediate and temporary use, with an eye single to winning the war, and with only casual reference to its dis-establishment. Most of it was located in a country bled white in every vein by more than four years of war. It was located in a country whose exchange was falling on every market in the world. It was located in a country the traditions of whose nationals are those of careful and exacting purchasers, and a country fully aware of its financial distress and consequent consideration due it in solving its problems of peace by the peoples associated with it in fighting the battles of war. But it was located in a country filled with a deep and genuine, and, let us hope, lasting good-will toward America.

At the threshold of these labors the members of the Commission examined with studied care, both individually and collectively and in conference with the Secretary of War, the problem involving the wisdom of the United States selling its European surplus stocks

abroad or of transporting them to America for sale. Obviously the installations had to be sold in France: for, if they had been dismantled, their salvage value would scarcely have covered the cost of salvaging, of restoring the land, and of settling rental, requisition, and damage claims.

The economic as well as the social welfare of our country made the demand imperative that every available trans-Atlantic vessel should be pressed into service for the speedy return of our troops to America. Past experience had proven and subsequent experience has confirmed that it would have been impracticable to transport by rail to the ports, within any reasonable time, these immense stocks. The French railroads were thoroughly demoralized by the four years of war during which time maintenance had been reduced to the minimum: while additions, betterments, and extensions had been entirely lacking. Consequently congestion in rail transportation was unprecedentedly great in France.

A very large percentage of these stocks, manufactured and assembled under pressure, handled and re-handled under tremendous handicaps, were in a condition and of a character which clearly would not have justified the cost of returning them to America. As our troops were evacuating France, we had to look forward to the time when we would be left without facilities for keeping possession of, guarding, handling, delivering, or shipping home these goods. It was clear that the hungry, cold, and industrially demoralized people of Europe stood in crying need of a large percentage of these supplies—supplies which under existing conditions could not, as a whole, be advantageously returned to America at any time, and such part of them as might justify the cost of handling and transportation could hardly be held in France until conditions should become nearly enough normal to make possible their shipment. It was, therefore, after the most careful and painstaking consideration, and after prolonged conferences between the Secretary of War and the members of the Commission, that the conclusion was definitely and unanimously reached that it was to the interest of the United States and the duty of the United States to sell the major part of these European surpluses in Europe.

But there were several not inconsiderable obstacles in the way of a speedy and businesslike disposition of these stocks even in Europe. France really needed and wanted many of them. Belgium wanted and needed some of them. The so-called "liberated countries" of Central Europe and the Near East were in dire need of all they could get in the way of foodstuffs, clothing, medical supplies, and transportation equipment. But none of these countries were in a position either to pay cash or to purchase on short-time credits.

The exchange of every one of them was far below normal and was declining rapidly.

The first problem, however, which confronted the Commission was that of determining just what it had for sale and what would be reasonable selling prices. The task of preparing comprehensive but condensed working inventories, classified and summarized within a compass small enough for practical use, setting forth the quantities, nature, and condition of these stocks, their cost laid down in France, and their probable utilization or sale value, was one of immense proportions. This difficulty was tremendously enhanced by the facts that (1) the stocks had been acquired from many different sources, (2) they were located in several hundred places, (3) their quantity and condition was being reduced by constant use, and (4) their value was too often diminished by handling, natural deterioration, or by unavoidable exposure or disuse.

After careful study and conferences with the Army officials and especially with the chiefs of each of the services and the members of their staffs, the Commission adopted a plan and prescribed a form for the compilation of inventories of personal or movable stocks (as distinguished from installations, which were separately inventoried) under 18 distinct categories or classes, each of which categories was in turn subdivided.<sup>7</sup>

The task of compiling these inventories, summarizing and classifying them, with a view to showing, so far as practicable, the relative conditions of the various articles was one bristling with difficulties, especially as during all of this time the American Expeditionary Forces was a "going concern." The depots were necessarily drawn upon for current supplies for the troops in France, for return of materials and equipment to the United States, and for supplying and equipping the American forces in Germany. New stocks were coming in from time to time as agreements in cancellation of contracts of purchase or manufacture were reached and small deliveries taken in liquidation. Stocks were constantly flowing into the main depots from smaller posts and outlying districts as these were evacuated. For the compilation of these inventories the Commission was compelled to rely upon the Army, which held the custody of the stocks. The Army had to rely upon civilians who had come to France to fight, not to engage in Army clerical work—men who having won a glorious victory had one thought uppermost in their minds—to return home. The Army had a personnel constantly shifting and changing, due to withdrawals for return to the United States, to civilian life and interests. But it is believed that each service did its best, and, on the whole, did well, considered in the light of all of

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<sup>7</sup> See Appendix VI for list of the 18 "Categories," with the classes of stocks under each.

the circumstances. It is interesting, parenthetically, to note here that neither the British nor the French services have even yet compiled a general inventory of their surplus stocks.

The problem of valuing the inventoried stocks was fraught with many difficulties, which had the most painstaking consideration of the Commission and its advisors. Clearly, cost, condition, possible usefulness, supply and demand were the principal factors for consideration in determining selling value. But cost varied greatly on account of the multiplicity of sources of supply of almost an infinite number of articles, and the unknown and necessarily estimated expenses of transportation and handling. Condition varied with use, extent of handling, care, action of the elements, etc. Utilization value is necessarily indefinite, depending on demand and supply and the location of the stocks and transportation facilities, on whether the stocks are complete or broken, balanced or unbalanced, and on numerous other factors. As the work of preparing, classifying, and summarizing the inventories by categories progressed, the problems of valuing these stocks were studied intensively and continuously by the Commission and its advisors and, at the same time, by the French authorities, with whom the Commission was negotiating for their sale.

The work of supervising for the Commission the compilation of inventories, according to categories, was intrusted to Col. J. H. Graham, who had already, in the Army Engineer Corps, abundantly demonstrated his ability, thoroughness, and trustworthiness. It took a strong force, working continuously and under constant pressure, more than six weeks to complete these inventories and to summarize and classify them. As the work progressed, the Commission, with the assistance of Col. Graham, the chiefs of the services and experts drawn from each service, carefully studied the inventories, took into account and discussed every known factor of value, giving to each factor such weight as seemed proper, and fixed and determined what they believed to be reasonable selling values. Actual war costs, including transportation and handling, were naturally the starting point and one of the determining factors. Pre-war normal costs were considered and quite frequently these were found too low. As these stocks were assembled, shipped, handled, and stored under conditions of abnormal pressure, their depreciation was in many instances abnormally great. Many of the stocks were designed for war uses only and had a relatively small commercial value. Both France and England had large surpluses of many of the materials, which supplemented by our stocks in Europe, were more than the markets of the world could readily absorb for several years to come.

All of these facts, and many other incidental ones, were taken into account in arriving at the "estimated present values" or "utiliza-

tion values" of these stocks by categories. These were intended to represent prices at which they could, when classified, assorted, and conditioned, be sold in France at wholesale. From the aggregate amount this reached it was obviously proper to make liberal deductions to cover the cost of merchandizing, labor, storage, insurance, interest, and other overhead expenses. The fact was taken into account that there will inevitably be a large deterioration, not only in the quality of the stocks, but also in their market price before all of them can possibly be disposed of. The Commission took into account the risk of loss by fire, by theft, and by other causes. They took into consideration the fact that the stocks were widely scattered, had not been assembled for commercial purposes, and were not in the hands of a going concern, equipped to replenish them from time to time and market them to the best advantage. Giving due allowance to all of these considerations, it was concluded that a fair deduction from the aggregate "estimated value" of these stocks for the purposes of a bulk sale would be 25 per cent. On this basis the stocks and installations were valued, as of July 19, 1919, at \$562,230,800.02,\* and this is the value which the Commission had in mind when it entered upon the final stage of its negotiations with the representatives of France, which resulted in the consummation of the "bulk sale."

In the meantime the Commission, beginning with interviews held in March, had been diligent in pressing its negotiations with the representatives of the French Government with a view to concluding a sale or to developing the fact that one could not be made. M. Paul Morel, the Sous-Secrétaire d'Etat aux Finances pour Liquidation des Stocks (the minister particularly charged with the liquidation of war stocks), had been designated by the French Government as its representative to deal with the Commission in matters pertaining to the contemplated purchase. Numerous conferences were held with him. At a long meeting on April 7, it was agreed in principle that France should purchase all of the American installations at a price to be agreed upon, assuming, as part of the price, the payment of all claims for rents, requisitions, restorations, damages, and other charges against the United States which had arisen against these properties.

The disposition of the installations was the first problem undertaken by the Commission. Immediately after its creation and before the chairman left the United States, a cable was sent directing the preparation of an inventory of all American Expeditionary Forces'

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\* See Appendix VII, Chart A, which shows summaries of values by categories on which the final negotiations with France were based. The difference between column F and column II is represented by a series of differences in quantities. These reductions are shown by services on Chart B, Appendix VIII. They are calculated also by categories, and represent sales and other dispositions since the inventories were made.

installations in France. A very capable committee of officers from the Engineering Corps, with Col. J. H. Graham as chairman, was promptly selected and undertook this work. Later Brig. Gen. Jadwin became chairman of the committee and the 500-page report which it prepared is familiarly known as the "Jadwin Report." Following the conference of April 7, a copy of the Jadwin Report, showing "war costs" and estimated "normal costs," item by item, of all the American installations in France, was given to M. Morel, who immediately arranged to have a large corps of his engineers make personal inspections and reports on these installations, checking against the Jadwin Report. The methods adopted by the French in valuing this property differed in several respects from those adopted by the Jadwin committee. In order to adjust and reconcile these differences, the Commission called to its aid Col. J. H. Graham, who, as already pointed out, had a large hand in the preparation of the Jadwin Report. He organized a staff and placed an American representative with each of the units of French engineers sent out by M. Morel to make a first-hand study and report on the condition and value of the installations. When the reports were completed, Col. Graham's committee held a series of meetings covering a period of more than two weeks with the committee of French engineers at which notes were compared, adjustments made, and differences reconciled.

The Jadwin Report showed total war costs of all American installations in France, including transportation and handling of material, soldier labor, and all other elements, at \$165,661,000 and normal costs of the same properties at \$81,543,000. The joint American and French committee, after making deductions for the estimated liabilities assumed by France for rents, requisitions, restorations, and damages, placed the net present estimated value of all American installations in France at \$39,256,500.

In comparing these figures and judging their significance, one must bear in mind that these installations were of every conceivable type—barracks, camps, hospitals, warehouses, machine shops, docks, telephone and telegraph lines, railroad yards, etc. They had been constructed on land for the most part requisitioned for war use and belonging to approximately a hundred and fifty thousand separate owners. Most of these owners had claims against the United States for rents, for requisitions, for damages, for restorations, for damages to crops, for removal of vineyards, orchards, trees, and structures, for building roads, putting in drainage systems, etc. Our right to occupy these lands terminated with the war. We had taken them over under obligations imposed by law to return the lands to their owners in the condition in which we had found them. While the French Government, under its power of eminent domain, could acquire or permit us to acquire these properties for war use, the French

law does not permit the exercise of this power in our behalf for acquiring permanent titles. In fact, the French law does not permit a foreign sovereign power to acquire a permanent title to real estate within its domain except by courtesy for the use of diplomatic representatives. The French Government, however, could acquire permanent title by eminent domain to such of these properties as it might wish to preserve or dispose of in their present condition. Manifestly, therefore, our position as party to a bargain was one of extreme disadvantage. We had either to sell to the French Government or to tear down and salvage the constituent materials.

Under a salvage program many of the properties would have turned out to be distinct liabilities instead of assets, especially as we would have been required, at a very heavy overhead expense, to have negotiated and settled a very large number of claims for rents, damages, and restorations. It is estimated that it would have required the labor of 40,000 men for a period of 6 or 8 months to dismantle these installations and salvage the constituent materials. This task would have fallen upon our Army Engineer Corps, for competent French labor was not obtainable. Under agreement reached with M. Morel, however, the selling value of each piece of property was arrived at, not by considering its salvage value to the United States, but by taking into account every factor entering into the determination of the net "utilization value" of such piece of property to the French Government. On the whole, it is believed that the result obtained was a very fair one, alike to America and to France.

While these studies with respect to the value of the fixed property were in process, the Commission pressed upon M. Morel and the other French representatives the plan which it had been developing for selling to France the major portion of the movable or personal American Expeditionary Forces' property in France. At first the French representatives suggested that they might select such of these stocks as they could use to advantage and undertake to agree with the Commission on a price and terms of payment. This plan would have left on our hands vast stocks of a character and condition such that their return to America would not have been justified, and at the same time they would have been stocks of which France and England were carrying large surpluses. Our stores would have been left creamed off and more unsalable than they were at the start. The Commission urged upon the French representatives that as all these stocks were on their soil and many of them located where they were greatly needed and as great quantities of them could be used to advantage in the reconstruction of the devastated regions, France was in a most favorable position as buyer and, under the circumstances, it was her duty to buy them in bulk, taking the bad with the good. The Commission desired only to reserve a sufficient quantity



of supplies and equipment for the use of our Army while in Europe, of foodstuffs, clothing, and medical supplies, to satisfy the pressing needs of the "liberated nations," and to cover such sales as were being negotiated in Belgium, Spain, and elsewhere.

In response to this, M. Morel submitted three alternative proposals: (1) France would sell these stocks as agent of the United States, accounting without profit for the proceeds; (2) France would take the stocks at a fixed price, sell them, and if the net proceeds should exceed the fixed price, would account to America for the balance; but if the net proceeds should be less than the fixed price, America should pay to France the difference; or (3) France would purchase the stocks outright at a fixed price. The third proposal was considered by the Commission as the only feasible one and was accepted by it in principle.

While these negotiations were in progress, the Commission was at the same time using every agency at its command to develop markets and to press sales outside of France. Numerous and extensive sales were made to the various "liberated nations," to relief societies, and to other associations and to individuals. On May 6, the principle of the "bulk sale" to France was agreed upon, subject to a conclusion between the parties on price and terms of payment; and it was understood that from that day forward all sales made by America to France should be billed in the usual way and be paid for by France, should the "bulk sale" miscarry, but that such bills should be cancelled by America, if the "bulk sale" was consummated. It was further agreed that the Commission might continue to make sales to the "liberated nations," to Belgium, to Spain, and to others, but that all proposals for such sales should be submitted to M. Morel in order that he might keep fully informed concerning the extent and condition of the stocks on which his men were busily engaged calculating a price. It was in accord with this understanding that large sales were made for export out of France between the 6th day of May and the 25th day of July, when the terms of the "bulk sale" to France were finally settled.

Notwithstanding the greatest diligence on the part of the Commission in pressing its negotiations, progress was too slow to keep pace with the demand for the rapid withdrawal of troops, especially from the advance sectors. Therefore, on May 1, an agreement was entered into between the Commission and the French Government under the terms of which the American Expeditionary Forces could withdraw their troops from any particular zone in France, and, by giving 10 days' notice to the French commander in such zone, deliver to the French on joint inventories all American stocks located in the zone. These joint inventories set forth the stocks, showing "kind," "quantity," and "percentage of condition as compared to

new," and stipulated that the stocks were held by France without expense to America and subject to the directions of the Commission. They were signed by French and American officers.<sup>9</sup>

This procedure did not apply to 18 of the largest depots which were retained in the custody of America until the stocks were definitely sold. This plan made it possible to continue the homeward movement of troops without interruption, and made it unnecessary for us to hold thousands of men in France as custodians of these stocks until they could be delivered under the terms of the sale.

During all of this time the work on the inventories was being pressed forward. As soon as the summaries by categories could be finished for any service they would be handed to M. Morel, who, through his representatives, would use them as a basis for checking and inspecting the stocks. While this work was going on, it became evident that the French were very hesitant about taking the whole body of materials in a bulk, for it was becoming clear to them that the French Government already possessed stocks of certain categories in excess of the amount which France could readily absorb for some time to come. Unfortunately, these were chiefly categories of materials whose return to the United States could not be justified and which were at the same time a drag on the markets of Europe, such as barbed wire, trench materials, ammunition, field cooking utensils, gas materials, etc.

Finally, after much pressure, on July 2, M. Morel submitted his first bid, viz. 1,500,000,000 francs. It was submitted orally in conference and the reply was immediately made that the Commission could not give the bid serious consideration. Numerous prolonged conferences followed. In order that there might be no misunderstanding of the Commission's position, the chairman wrote at length to M. Morel, on July 7, a letter the spirit of which can be gathered from the following excerpt.

"After the sacrifices, which can not be measured in terms of dollars, which have been made by both of our peoples, it would be criminal stupidity on the parts of the representatives of both our Governments to fail to agree on the disposition to be made of the surplus war supplies remaining on French soil. This Commission sincerely hopes that it will not be forced to sell for shipment out of France anything that the French people really need or can utilize to advantage, and we are therefore not only willing but anxious to make to the Government of France a price for this property which will be attractive to it and to extend credit for the entire purchase price.

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<sup>9</sup> See Appendix IX for form of receipt given by the French Army to the American Army upon the turning over of stocks before the sale. The inventory referred to had the following headings: "Article," "Unit," "Quantity," "Percentage of condition as compared to new"; and was initialed on each page by both of the signing officers.

" May I not in conclusion remind you that, as the treaty of peace with Germany has been signed and measures have been taken by your Government and ours, together with their associates, to insure a lasting peace, and as the American Expeditionary Forces are being very rapidly withdrawn and returned to their homes, it is imperative that the surplus war supplies belonging to our Government, in France, should be speedily disposed of, if not to the French Government, then to others who urgently need and are seeking to acquire them, to the end that they may be promptly and fully utilized to bring back a measure of prosperity to the suffering peoples of the world."

No good purpose could be accomplished by showing here in detail the course of the negotiations during the succeeding three weeks. They were carried on not only by the Commission and M. Morel but by M. Tardieu, Commandant Oppenheim, Commandant Varaigne, and numerous other representatives of the French Government. Besides the question of price, the question of the currency in which the French obligation should be stated, was most earnestly debated between the parties. The French representatives insisted that the purchase price should be stated and paid in francs, while the Commission declined to consider any offer not expressed in dollars. M. Tardieu, after conferring with the French treasury, proposed that the purchase price might be stated in dollars, but that a condition should be added to the effect that if the cost to France of finally discharging the indebtedness should be more than 5.18 francs per dollar, such excess should be borne equally by France and the United States. This proposition was declined.

On July 19 the following proposal was submitted by the French representatives:

1. France should pay five years after date 2,035,000,000 francs.
2. France, in her own way, should proceed to sell the American stocks and, after deducting the expenses, divide equally with the United States any balance exceeding the price named.

In response to this proposal the chairman expressed the following views:

1. France would not wish to dispose of these stocks on a strictly business basis, nor would she be justified in so doing, but she would desire to use them, to a great extent, in connection with the rehabilitation of her devastated regions, at prices and on terms which only France could afford to extend to her nationals.

2. It would be practically impossible for France to keep these stocks segregated from her own property of the same class, and thus impossible to make a separate accounting.

3. The plan seemed to contain the germs of controversy and friction which might in the end cost the two Governments more than the value of the property involved.

4. A definite, final, complete, and unconditional sale, leaving behind no loose ends calculated to breed trouble, was most desirable.

Finally, at a prolonged conference held on July 24, a tentative agreement was reached on terms substantially those contained in the final bulk sale contract. The four members of the Commission, as well as Col. Graham, participated in the discussion and the consideration of this tentative agreement, and the Commission unanimously voted to authorize and direct the chairman to prepare and execute in the name and on behalf of the commission, the contract which became the agreement for the bulk sale.<sup>10</sup>

Under this contract, dated August 1, 1919, the consideration moving from America is: All property—real, personal, or mixed, without guaranty of quantity, quality, or condition—belonging to the United States War Department and located within France on that date: *save and except* (1) all animals; (2) property otherwise contracted to be sold and valued at \$77,265,597.83; (3) the equipment of individual soldiers and military units returning home; (4) other military equipment to be returned to the United States, valued at \$15,000,000; (5) equipment and supplies for American forces so long as they remain in France, of the estimated value of \$4,000,000; (6) Red Cross supplies valued at \$10,000,000, with agreement by France to re-sell to America, upon demand, further Red Cross material at cost to France.<sup>11</sup>

Under this contract the considerations moving from France are: (1) \$400,000,000 in 10-year 5 per cent bonds, with semi-annual interest from August 1, 1920; (2) the assumption by France of all rents for installations accruing after August 1, 1919, and the agreement of France to hold America harmless against all claims of every nature whatever arising out of American occupation and use of such installations and lands; (3) the waiver by France of all claims whatsoever for taxes or customs duties on properties imported into France and sold since April 6, 1917.

Most of the property which the Commission sold in France was brought in without the payment of import duties. Until this contract was signed the French Government had never relinquished its right to claim the payment of such duties, though the point was vigorously pressed, both by the Commission and by the representatives of the British Government in France, that the salvaging of surplus war stocks was an incident of the war and as such they could not be held subject to import duties. The French position on this point was, however, a strong one. It was supported by a preced-

<sup>10</sup> See Appendix X for (1) a copy of the bulk sale contract as signed; (2) the French law of Oct. 21, 1919, ratifying the sale; (3) the letter of transmittal of Aug. 4, 1919, and (4) the supplement to the letter of transmittal, dated Aug. 11, 1919.

<sup>11</sup> All adjustments arising under these reservations or any of the other terms of this bulk sale contract have been made by the Commission and the French Government and are merged in the contract of general settlement dated Nov. 25, 1919, hereinafter referred to, so that this bulk sale contract is now a completed transaction.

ent set by the United States Government in dealing with the surplus stocks left in the Philippine Islands at the close of the Spanish-American War, the usual customs duties having been paid on such stocks. The Commission had the inventories studied in connection with the French tariff schedules, and it was found that \$150,000,000 was a conservative estimate of the aggregate customs duties, payable under the normal rules, for all of our stocks in France. This claim was given weight in fixing the final purchase price of \$400,000,000.

The wisdom of making this bulk sale has been amply demonstrated by subsequent developments, particularly by the experience of the British Government. The course pursued by this Commission was to promptly sell in large blocks what could be so sold to advantage, and then sell the remainder in bulk to France. Notwithstanding the fact that the British war stocks were so located in France that it was unnecessary to ship them exceeding 200 miles both by rail and water to reach central points in England, and Great Britain was, therefore, not confronted with the problem of long-distance hauls on overcrowded French railroads and a 3,000-mile ocean voyage in order to reach her home markets; the British authorities decided that it was advisable for Great Britain to consummate a bulk sale of their war stocks in France, and began negotiations with the French authorities to this end during the time the negotiations for the bulk sale of the American stocks were in progress. It is reported that these negotiations are still pending. The cost of holding, guarding, and caring for this immense war stock has been tremendous, and the percentage of depreciation from natural causes, exposure, theft, and general deterioration will amount to a very substantial part of their original value. These unsold stocks are of no benefit to anyone and their value is constantly shrinking.

The English press has severely arraigned its Government for not following the example of America in disposing of these stocks; and, while disclaiming any intention, even inferentially, of joining in such criticism, we feel, in the light of subsequent events, that our Government has been fortunate in the policy of expedition which it pursued.

From the point of view of the Commission, this French bulk sale (1) accomplished a speedy disposition of the stocks, allowing the American troops to return home promptly; (2) it relieved America of the trouble-breeding task and of the enormous overhead expense of otherwise disposing of the irregular, unbalanced, and rapidly deteriorating stocks located 3,000 miles from home; (3) it relieved America of the French claim for customs duties on these and other stocks in France; (4) it relieved America of many thousand claims

of French nationals, claims which would have arisen for many years to come, the settlement of which would have cost vast sums and which would likely have been an endless source of bitterness between the two peoples: (5) it has left America with a "clean slate" and has eliminated countless opportunities for annoying controversies; (6) it has afforded America an opportunity of helping France to help herself in a manner not to offend the dignity of that nation, inasmuch as the need of and value to France of these stocks in France is much greater than is the need of them or their value to the United States, and finally; (7) it has given America a very fair money return.

### SALES FOR USE OF "LIBERATED NATIONS."

Early in March careful studies were made by the Commission of the pressing needs of the peoples inhabiting the so-called "liberated nations" of Central Europe and the Near East. These studies were with particular reference to the extent to which the United States would be justified in meeting these needs from sales of surplus war stocks in Europe. Extended conferences were held with Herbert Hoover and numerous members of his staff. Information showing political, commercial, and social conditions in these countries came to us from this and other sources.

On March 17, the chairman of the Commission received a letter from Mr. Hoover confirming what he had previously said in personal conversations and urging the importance of selling surplus clothing to the peoples of these countries who were suffering from cold and exposure. This was followed by a letter from President Wilson, dated March 24, urging the Commission to accept so far as it could consistently do so Mr. Hoover's views as to the terms upon which dealings should be undertaken with the liberated peoples. The President added:

I would be glad, therefore, if the Commission could accept as its guiding principle in these negotiations the fact that it is not only securing a rapid liquidation of materials that may otherwise prove practically unsalable, but also that it is an opportunity to perform a fine human service by approaching the matter in the most sympathetic mind.<sup>12</sup>

Through long conferences not only with the representatives of the nations and organizations seeking to make purchases, but with members of the American peace commission and with many others familiar with the needs of these peoples, their resources, and their prospects; data were assembled with reference to which the Com-

<sup>12</sup> See Appendix X1 for (1) letter, Hoover to Parker, Mar. 17, 1919; (2) letter, the President to Parker, Mar. 24, 1919; (3) letter, Parker to the President, Mar. 25, 1919—all dealing with the question of sales to the liberated countries.

mission was able to outline a basis for making sales and extending credits in these countries.

The great work accomplished by the American Relief Administration, with Mr. Hoover at its head, is known to all the world. The funds, however, which were at the disposal of this organization, were so limited as compared to the extent of the problems with which it had to cope, that it was unable adequately to supply even the most elementary necessities of life to these peoples. The Commission was called upon to dispose of vast quantities of salvaged clothing, including outer garments, underwear, blankets, boots and shoes (many of them patched) which, though decent and warm, had small commercial value. The Commission was also called upon to dispose of large quantities of foodstuffs, some of which, by reason of its quality and condition and of the form of package in which it had been prepared for war uses, had comparatively small commercial value. Both of these classes of stocks seemed peculiarly suitable for relieving the absolute hunger and want of the liberated peoples.

Sales were made not only of subsistence and clothing, but also of the elementary instruments of industry and transportation, in order that these people might be able to go to work and serve themselves, instead of continuing to be, as many of them were, objects of charity. It was believed that these sales would also serve a very important function in stabilizing the governments and social institutions which were beginning to take shape against most terrible odds, and that they would help to check the insidious advances of Bolshevism.

All of these countries are relatively rich in natural resources and are for the most part inhabited by sturdy and competent races. A study of such resources and of the number and quality of their inhabitants convinced the Commission that, under all of the conditions as they existed at the time, the United States was justified in taking the risk of extending credits, especially as their indebtedness to us constituted the major portion of their national debts. In some instances it was felt desirable to make sales to co-operative societies or organizations, rather than to the governments. In each case, however, the Commission has, either directly or through such co-operative society, taken government obligations in payment for the stocks. These bonds all bear interest at the rate of 5 per cent per annum, payable semi-annually, and they mature in from one to six years after date.

In the matter of fixing the prices and terms of purchase, the Commission occupied a position of supreme advantage over the buyers, for in many cases these peoples were in such a position that they had to buy from us or see their people go hungry and cold. Prices and conditions were carefully studied, however, by the Commission and

every effort was made to treat these purchasers, as well as the United States, with absolute fairness. The foodstuffs were sold f. o. b. our warehouses in France for cost to the American Expeditionary Forces, including allowances for transportation and handling. The salvaged shoes, blankets, and clothing, all "renovated, overhauled, and classified," were sold on the basis of cost, less a percentage for deterioration according to class. The medicines, machinery, tools, and transport materials were sold on the basis of cost in France, less a discount for deterioration through use or otherwise. On the whole, the prices were rather higher than could have been procured at wholesale from any other purchasers. They were believed, however, to be fair and just when considered in the light of the quality of the securities and other circumstances associated with the transactions.

The sales which have been made to or for the use of these so-called "liberated nations"<sup>13</sup> are as follows:

Poland.....	\$59,365,111.97
Kingdom of Serbs, Croats, and Slovenes.....	20,464,191.25
Roumania.....	13,012,689.00
Russian Government.....	428,299.46
Czechoslovakia.....	19,098,874.27
Revalis (Esthonia).....	12,262,818.99
Vilnis (Lithuania).....	4,414,861.39
Central Union Konsums (Latvia).....	2,556,952.84
Ukrailian (Ukraine).....	8,500,222.67
Total.....	140,104,021.84

#### GIFT TO RED CROSS.

Pursuant to an act of Congress, passed early in July, 1919, authorizing the Secretary of War—

to place at the disposal of the American Red Cross such medical and surgical supplies and supplementary and dietary foodstuffs used in the treatment of the sick and injured, but which are not now essential to the needs of the American Expeditionary Forces or needed for use in the military hospitals in the United States or as military or hospital stores for the Army of the United States, to be used by said American Red Cross as it shall determine to relieve and supply the pressing needs of the peoples of the countries involved in the late war,

the Secretary of War, acting through the Commission, placed at the disposal of the American Red Cross, without cost to it, medical, surgical, and hospital supplies and equipment and dietary foodstuffs of the value of \$9,964,851.16, which were expressly reserved from the stocks sold to France and actually delivered to the Red Cross representatives. In addition to this, the French Government has, in the

<sup>13</sup> See Appendix XII for a list of the liberated nations, with corresponding commercial organizations for each, with which the Commission has dealt.



bulk sale contract of August 1, 1919, assumed the obligation to resell, on the basis of cost to it, any further medical or surgical supplies and dietary foodstuffs which the American Red Cross may need for use in Europe.

#### COMMERCIAL SALES OF PROPERTY LOCATED IN FRANCE.

Prior to the consummation of the bulk sale to France, diligent efforts were made by the Commission to find purchasers, for cash or its equivalent, for surplus stocks located in France; but on account of the character and condition of these stocks, the condition of exchange, and the difficulty of procuring transportation by railroad or water, it was impossible to dispose of large quantities of these stocks to advantage.

The first important sale of this kind which the Commission authorized was made to the American Relief Administration, of which Herbert Hoover was director. These stocks were destined for Central Europe and the Near East, and consisted of prime necessities—cereals, fats, condensed milk, a small quantity of medical supplies, and a few motor trucks needed for distributing them. The sales aggregated \$15,959,455.15, and the terms were cash. The prices were calculated on a basis which would justify the Relief Administration in taking these supplies in France in preference to having them purchased in the United States and shipped over. In this way shipping was economized, and a considerable portion of our surplus foodstuffs was promptly disposed of for cash and through a channel which would use it to satisfy actual hunger and relieve dire distress.

When the Commission arrived in Europe it found that our Army had 181,909 surplus horses and mules. The demand for horses was very great, and the prices were good, though the demand for mules was more limited. Many of these animals were in poor condition, and the Army was rapidly declaring them surplus. As the estimated average cost of maintaining a horse or mule in France is \$2 per day, and even more in Germany, the problem of their disposition required prompt attention. The Commission decided to sell them for cash only, and, so far as possible, at such places and at such times as they were found surplus. They were disposed of with reasonable promptness through auction sales, sales to the French Government, to Poland, to Czechoslovakia, and to others, all at fair prices. The French minister of reconstruction purchased several thousands, which he in turn sold on credit in the devastated regions of France, thus using them to furnish prompt aid in the problem of getting the soil back under cultivation and of starting the wheels of industry. More than 5,000 animals were sold to Poland. The total amount realized

on the sale of all American Expeditionary Forces, animals was \$35,133,065.02, the number being 181,909.<sup>14</sup>

The problem of sales in Spain consumed not a little of the Commission's attention. It had two phases. During the war our Army had agents in Spain who were purchasing supplies in considerable quantities, and upon the signing of the armistice there was a limited amount of these materials in Spain to be disposed of, as well as contracts to cancel and adjust. Further, during the war, when the gold embargo was in force, the United States had caused to be borrowed in Spain, in order to avoid paying a discount on dollars, some 155,000,000 pesetas and the Commission made a determined effort to sell there for cash a sufficient quantity of surplus stock to pay and retire this indebtedness.

The stocks found in Spain at the close of the war were small. They consisted principally of horse blankets, cotton duck, vinegar, office supplies, iron buckets, salt bags, cork shavings, etc. All of these were sold for cash, the total aggregating \$823,772.54. In addition we had some lumber in Portugal which was sold for \$38,060.59.

In an effort to make large sales in Spain, special agents were sent there by the Commission to develop markets and many hours were spent in conference in Paris with prospective Spanish purchasers. But the Commission was unable to induce any responsible Spanish concern to purchase any of the American stocks in France, except on condition that the Commission would cause deliveries to be made either at French ports or on the Spanish frontier. This was because of the great difficulty encountered in transporting stocks over French railroads. Finally, in order to make an advantageous sale, the Commission assumed this burden and, through the Army, loaded the cars at our depots and transported them to the ports or to the Spanish border, where deliveries were consummated. Endless annoyances were encountered in effecting these deliveries and there were many delays. By the time the bulk sale was concluded and the Spanish sales discontinued, stocks aggregating in value \$4,466,519.77 had been sold there, but deliveries could not be finished until a long time afterwards. They consisted principally of tobacco and engineering and quartermaster supplies.

The Commission sold also to the Spanish Government 10,000 tons of surplus Irish potatoes which the Army had bought from Great Britain. The price was 1,616,147 pesetas, which amount has been paid in full.

Early in 1917, before the arrival in France of sufficient motor transportation from America, the American Expeditionary Forces

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<sup>14</sup> See Appendix XIII for chart showing animals sold, with their purchasers and prices.

found it necessary to purchase motor transportation from Great Britain. All of these cars of English manufacture which the Commission found in France were sold to an English syndicate for \$1,202,566.46. These cars, generally speaking, had been longer in use and were more exhausted by wear and tear than the other motor transport in France.

In addition to the sales noted above, numerous others, some small and some large, were made for cash from stocks of various kinds located in France. It should be noted in particular that, in addition to the bulk sale, stocks aggregating \$87,780,942.76 and 232,565,047.51 francs were sold to the French Government.<sup>15</sup>

#### BELGIAN SALES AND GENERAL SETTLEMENT.

The Commission made sales to Belgium amounting in all to approximately \$29,000,000. Belgium had claims against the American Army: (1) Arising out of leases of Belgian locomotives to the American Expeditionary Forces during the war; (2) for transportation of troops and supplies, both by rail and on the Rhine; (3) for port charges at Antwerp. These claims were examined and an account was stated showing approximately \$2,000,000 in favor of Belgium. Instead of paying this amount, it was set off against the amount due the United States on all sales to Belgium, and that country agreed to execute and deliver to the United States notes or bonds for the balance, amounting to \$27,162,720.95. These bonds mature three years after date and bear interest at the rate of 5 per cent per annum, payable semi-annually.

These agreements are contained in a contract of general settlement entered into between the Commission and the Belgian Government on November 7, 1919, by the terms of which—

Belgium releases the United States from any and all debts, claims, and liabilities, whether in contract or tort, which Belgium now has or may have by reason of any act done or engagement entered into on or before the 31st day of October, 1919, for materials or services furnished to or damages done by the American forces in Europe, except as hereinafter stated.

Belgium further agrees—

to save the United States harmless from any and all claims of whatever nature against the United States or members of its military or naval forces, on the part of any railroad company within the limits of the Kingdom of Belgium, whether such railway company is the property of the Belgian Government or not.<sup>16</sup>

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<sup>15</sup> See Appendix XIV for three charts: Chart I shows the amounts purchased by each country by services; Chart II, the amounts by categories; Chart III, the location in Europe of this material when sold.

<sup>16</sup> See Appendix XV for copy of contract of general settlement between the United States of America, acting through the chairman of the Liquidation Commission, and the Kingdom of Belgium, acting through the premier and minister of finance; also for a statement of the account upon which this general settlement was based.

In addition to the stocks sold to the Belgian Government, sales of goods located at Antwerp were made to other nations, individuals, firms, associations, and corporations, in the amount of \$3,845,032.45. Of these stocks, motor transport brought \$268,339.97. A sale amounting to \$1,852,326.99, consisting principally of clothing, was made to Czechoslovakia on the basis of 75 per cent of cost laid down at Antwerp (i. e., cost plus transportation and handling). The balance of the stocks at Antwerp, consisting of broken and irregular groups of materials, was disposed of in a bulk sale to Poland for \$976,583.22, the price being calculated on the basis of 70 per cent of cost plus transportation and handling. The price received for all surpluses located at Antwerp, and the Hook von Holland, including sales made to Belgium, averaged a little under 74 per cent of the cost of the goods laid down in Europe.

### SALES IN GERMANY.

When the Army of Occupation took its position on the Rhine large quantities of Army stores and equipment were moved there, principally from France and to some extent from the United States. As this Army was being withdrawn from time to time and returned to the United States, stocks on the Rhine were becoming surplus and the duty devolved upon the Commission to make disposition of them. The suggestion that they be returned to France and placed in American Expeditionary Forces' depots there for storage and disposition with the other stocks in France was rejected, both because of the difficulty of transportation and the difficulty of disposing of the stocks already in France.

One of the first problems which arose in Germany was that of the disposition of surplus horses and mules. There was a serious shortage of forage, and keeping the animals over a long time while a market was being found was very expensive. Prompt action was taken by the Commission. Many of the animals were sold to individuals and firms through auction sales, competitive bids, and otherwise. A large number of them went to the Minister of Reconstruction of France, some went to Poland, and a few to Czechoslovakia.

In order to direct the disposition of the stocks in Germany more satisfactorily, the Commission established a branch office at Coblenz about the 1st of July, and put it in charge of J. G. Adams, as special commissioner. Mr. Adams had previously been serving as executive secretary of the Commission. Negotiations were taken up forthwith with several of the strongest German financial institutions having connections in the United States with a view to the formation of groups or syndicates with facilities for making purchases in dollars, or on dollar credits. Consultations were held with such

institutions as Warburg & Co. of Hamburg; Speyer and Ellison of Frankfort; Oppenheim & Son of Cologne; the Deutches Bank of Berlin, and others; while at the same time the Commission, through the War Department at home, was trying to interest the American correspondents of these houses in the transactions. Negotiations were also opened with numerous American, French, English, Dutch, Belgian, and Scandinavian concerns. All of these people were interested in the stocks which we had for sale. Many of them sent representatives to inspect them; but without exception, after days and weeks of conferences and discussions, they expressed the conclusion that under the conditions as they existed at that time, particularly in view of the fluctuating rates of exchange, the business was quite impossible.

On August 10, after this effort to sell on a dollar basis was believed to be a failure, it was decided to send out a notice to a large number of prospective purchasers offering the goods on more liberal terms. The notice offered the stocks as a whole, or in large blocks, to be paid for in American dollars, Swiss francs, Dutch guilders, British pounds, French francs, or German marks, at the several current rates of exchange, preference being given to bids based on currencies in the order named. Notwithstanding the fact that every effort was made to encourage bids under this offer, no satisfactory bid was received. There were several instances of speculators who made inadequate offers on small lots of the most desirable stocks, the sale of which would have prejudiced the sale of the stocks as a whole. All bids were rejected.

The exchange situation in the Rhine country proved to be an almost insurmountable obstacle in the way of a reasonably satisfactory disposition of these stocks, which were carried on our inventories in terms of dollars at war-time cost plus 20 per cent for transportation and handling, save motor transport, to which was added 45 per cent of first cost for transportation and handling.

A great part of the stocks were of commodities produced in Germany which could be purchased on the Rhine in the open market at retail, at prices considerably less than those stated in our inventories. The purchasing power of the mark had decreased, perhaps not more than 200 per cent, while its exchange value on the American dollar had decreased more than 500 per cent. The difficulties encountered in selling American goods in Germany under such conditions are quite obvious.

An effort was made to organize a syndicate which might buy these stocks in exchange for certain German products which are required or can be utilized to advantage in the United States: potash for example. It was found, however, that the Germans were

fully aware of the importance to them of disposing of such of their products as were marketable in the United States for dollars only, for it is only by selling for dollars that they can strengthen their exchange with us.

While these efforts were being made to sell the stocks as a whole, there were certain smaller sales which had to be made by way of salvage. The Army of Occupation had taken with it a large supply of Signal Corps equipment, both for its own use and for equipping the proposed Galician expedition. Such of this stock as was designed for field use and has small commercial value was returned to the United States for the use of the War Department. What remained, being largely unserviceable, was sold for 1,200,000 marks.

The surplus tobacco was deteriorating and was not an important factor for fostering a bulk sale, so it was sold separately. It brought cost plus 6 per cent. The candy and confectionery was deteriorating. We had a surplus which was carried on the inventory at \$1,200,000. It was sold early in August at  $87\frac{1}{2}$  per cent of the inventory valuation, which was more than first cost to the United States.

We had a stock of so-called German armistice trucks. These had been allotted to the American Army under the terms of the armistice. They had been built in Germany under war conditions, were equipped with live axles, chain drives, and steel tires. They had deteriorated considerably through use and through standing in the open for more than eight months, and they needed considerable repair before they would be valuable for commercial uses. They were sold in block for 13,000,000 marks.

Finally, in October, after numerous failures in other directions, the Commission was successful in interesting a strong English syndicate in the purchase of the surplus used motor equipment in Germany. This equipment represented a high percentage in cost value of all our surplus stocks in Germany. It was rapidly deteriorating from non-use and exposure to the elements and had to be handled promptly or it would soon have become practically useless. After a long series of negotiations this syndicate has purchased and taken possession of all of the American surplus motor transport on the Rhine on substantially the following basis:

1. The estimated purchase price is fixed at £3,250,000, of which £325,000 has been paid in cash.
2. This estimated purchase price is subject to increase or decrease on check of the equipment and material.
3. If any controversy as to quantity or classification should arise in making such check, such controversy shall be settled by the Commission's present representative in Germany, Lieut. Col. T. H. Kruttschnitt, acting for America, and by Lieut. Col. G. W. Parkinson or

Sir Percival Perry, acting for the purchasers, and in the event of their disagreement the decision of Lieut. Col. Kruttschnitt shall be final.

4. The balance of the purchase price shall be paid in three equal installments, the first maturing July 1, 1920, the second December 1, 1920, and the third April 1, 1921, together with interest on the entire amount at the rate of 5 per cent per annum from April 1, 1920, interest payable semi-annually.

5. The United States, through its general sales agent in Germany, Lieut. Col. Kruttschnitt, or his successor, remains in constructive possession of and continues supervision over all of the property purchased, retaining a lien upon it for the purchase price until the same is paid in full. None of these stocks can be withdrawn from their present locations and sold by the purchasers without the consent of Col. Kruttschnitt and the payment to America of an amount equal to the full purchase price of the property so withdrawn.

6. There has been deposited in the Guaranty Trust Co. of New York, Paris branch, £250,000 to the credit of T. H. Kruttschnitt, trustee, and subject to his and the purchasers' joint check. This fund is to be applied to putting said motor equipment in condition for use and sale. It is stipulated that the purchasers shall, on the demand of Col. Kruttschnitt or his successor, make additional deposits from time to time to maintain this fund, so that it shall never be substantially less than £250,000. It is further stipulated that, if at any time Col. Kruttschnitt or his successor in office or the War Department of the United States shall not be satisfied with the progress made by the purchasers in conditioning and marketing this motor transport, the entire balance of this deposit may be withdrawn and applied toward the payment of the purchase price.

7. The contract is to be construed according to the laws in effect at Washington, D. C., and the purchasers irrevocably designate the British Consul General at New York as their agent, on whom service may be had in any suit which may be brought by the United States to enforce the terms of the contract.<sup>17</sup>

It is believed that this contract amply protects and secures the United States, and that, all things considered, it is a most advantageous one from our point of view.

The disposition of the motor transport on the Rhine left us with depleted surplus stocks, the sale of which, excepting the subsistence and clothing, was difficult. After prolonged conferences with representatives of Poland, the Commission effected a sale to the Polish Relief & Supply Corporation, by the terms of which all of the re-

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<sup>17</sup> See Appendix XVI for copy of (1) the contract of sale, dated Oct. 1, 1919, and (2) supplement to contract of sale, dated Dec. 3, 1919.

maintaining surplus stocks on the Rhine were sold in bulk on a basis of 70 per cent of their inventoried values. These stocks consisted principally of subsistence, clothing, ordnance, medical supplies, and a great variety of miscellaneous equipment. Deliveries under this sale have been completed and the stocks all moved out of Germany by Poland. The total bill was \$5,536,867.71.

#### SALES IN ENGLAND.

During the war, Great Britain had been made a United States military base, called "Base Section No. 3," for the purpose of (*a*) bringing troops through, (*b*) purchasing materials, (*c*) maintaining hospitals and rest camps, and (*d*) training aviators and assembling machines.

This program involved our owning a large amount of property in England. We could not take title to the land under English law, and when we took possession it had to be under a contract to restore the land to its original condition at the close of the war. Prior to the armistice the United States had built, or taken over from the British, numerous and extensive installations in the form of (*a*) aviation plants and airdromes, (*b*) hospitals, (*c*) rest camps and depots.<sup>18</sup> This property had to be sold out as it stood, or, if salvaged, the ground had to be restored to its original condition.

Besides the buildings and installations constructed by the United States, many more buildings were rented by our forces either on ordinary leases or under requisition proceedings carried out on our behalf by the appropriate British Government department.

Further, we had war materials—ordnance, quartermaster, engineering, medical, motor transport—of every description, of which we were in process of taking delivery at the time of the armistice. A large percentage of these stocks had been purchased for us by various departments of the British Government, and was of course British made goods. Shortly after the armistice, the British offered to assist us in the sale of this surplus property through their Disposal Board, in a manner analogous to the assistance which they had given us in its purchase. It was found, however, that while the British Disposal Board got good prices, it was rather slow in selling stocks for us, and we have therefore taken little advantage of the offer.

As soon as our sales in England began, the British Government raised the question of customs duties on goods brought in from the United States. These duties were paid on some of the earlier sales,

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<sup>18</sup> See Appendix XVII for a catalogue of all installations, or property attached to the realty, which the United States has owned in Great Britain during or since the war, showing the number of buildings, size, approximate cost, and disposition.



but later when the French Government raised the same question against the British for the sale of goods in France, and the general question was under discussion in Paris, the British agreed to withdraw their claim for duties so far as it referred to American goods. They did, however, insist that our surpluses should not be thrown indiscriminately on their markets so as to disturb trade conditions. As this demand seemed only reasonable, and would be in accord with our precedent in the Philippines at the close of the Spanish War, we agreed to sell only after obtaining permission of the appropriate department of their government. This permission they have always been very generous in granting.

The disposition of buildings and other structures has been the most serious problem. Each plant, hospital, and camp has had to be worked out separately. The receipts from this class of property have naturally been very small in proportion to the original costs, because our obligation to restore the site would in most cases have cost more than the salvage value of the buildings removed. We have thus been in a very awkward position as a party to a bargain. The British Government, however, has always exhibited a most cordial desire to aid us in any way possible in these dispositions, even consenting to take title to land in our behalf whenever that action would help us to reach a better settlement.

The personal property has been disposed of in several ways. The bulk of it was sold out in relatively small quantities, by private sale, by auction, by sealed bids, through agents, or through the British Disposal Board, to British nationals principally. Some of it has gone to other buyers—to the Commission for Relief of Belgium and Northern France, and to Poland.<sup>10</sup> A considerable quantity of material, especially artillery, aviation, and chemical-warfare equipment, has been shipped home, on the theory that these articles would be useful to the Army for training, educational, and other purposes.

During the war the United States built a submarine cable for war uses between Cuckmere, England, and Cape d'Antifer, France. Under authorization of the Commission, this cable was sold to England and France as joint purchasers, for £30,000, paid to us by England. The conditions of the contract are that the purchasers shall jointly own and operate the cable, and that at any time, upon request, they shall lease to the United States this or a similar cross-channel cable.

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<sup>10</sup> See Appendix XIV, Chart III, column marked "England." This shows the total receipts from all sales made in Great Britain, the amounts being shown by "Categories" of property.

## SUMMARY OF SALES.

For the purpose of telling in a brief and graphic way the long story of all sales of surplus war supplies in Europe, other than the bulk sale to France for \$400,000,000, three charts have been prepared, expressed in terms of selling price.<sup>20</sup>

Chart I shows the totals in terms of selling value of all sales made to each purchasing nation and to private firms, arranged according to the respective services of the American Expeditionary Forces in whose possession the stocks were held when sold.

Chart II shows the purchasers in the same way as Chart I but the materials are listed according to the 18 categories<sup>21</sup> by which all American Expeditionary Forces' stocks have been classified, both for the purpose of purchase and of sale in Europe.

Chart III also shows the stocks by categories, but, in place of the purchasing nations across the top there is given the countries in which the stocks were located at the time of their sale.

These charts show a total of sales aggregating \$377,905,193.23 and 233,254,054.87 francs. Converting these francs into dollars at the normal rate of exchange, and adding to these sums the \$400,000,000 received from France for the bulk sale, we have a grand total of \$822,923,225.82 received for all sales of War Department materials made in Europe.

In payment for these stocks, government bonds aggregating \$564,233,302.87 have been taken from France, Belgium, and eight countries of Central Europe and the Near East. The French bonds were for \$400,000,000. Sales amounting to \$108,570,596.63 and 689,007.36 francs were made for cash on delivery, and short-term credits were taken for the rest. The appropriate Army services have been taking care of the collections on these short-term credits and nearly all of them have been liquidated at this time.

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<sup>20</sup> See Appendix XIV for Charts I, II, and III, summarizing in different ways all sales of war surpluses in Europe, except the bulk sale to France.

<sup>21</sup> See Appendix VI for a list of the 18 categories with the sub-headings under each.

### III. SETTLEMENT OF CLAIMS.

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When hostilities ceased, November 11, 1918, the United States had 2,056,123 men in France, and plans to send over 2,000,000 more men were far advanced. The country was investing in the war in terms of billions of dollars. Practically every industry in America was doing something to support the Army. The War Department itself was operating vast factories. It was buying vaster stores of supplies. In laying and developing plans for all of these activities, available shipping—the limiting factor—had to be taken into account, as well as the location of raw materials and the equipment and factory facilities for producing war supplies, both at home and in Europe. Consequently, America bought from Europe when and what Europe could produce most effectively and expeditiously, and she sold to Europe when and what she could produce most speedily and effectively.

Thus it came about that many buying programs and arrangements were in full force and vigor when the armistice was signed; some in the form of technical contracts, some as pools, and some the result of oral understandings or plans worked out by the Allied Purchasing Commission. All of these programs, whatever their form, had to be suddenly broken off. The expense of stopping this vast production at the end of the war was, in many cases, very great. It was clear that the Allied and Associated Nations ought to share fully and equitably this expense, in accordance with the share of work which each had undertaken in behalf of the other, but in most instances, the facts were complicated, voluminous, and somewhat obscure, while a proper basis for the apportionment of such expenses was very difficult to work out.

Nearly a month prior to the creation of this Commission, the Secretary of War appointed Chester W. Cuthell as his Special Representative, and clothed him with full power to organize a staff of lawyers and accountants for the purpose of developing the facts and concluding agreements in regard to "the relations of the War Depart-

ment with the several Governments of our European Allies growing out of orders, purchases, and engagements given or arising in the procurement of munitions, supplies, and services *in this country* by such European Allies." Mr. Cuthell and his staff had their work well under way when this Commission was established, and the members of the Commission conferred with him freely and fully and took measures for co-ordinating his work with theirs prior to their leaving America for Europe.

The activities of Mr. Cuthell and his staff have always co-ordinated with those of the Commission, and through the efforts of each to help the other, the effectiveness of both organizations has been materially increased.

All claims between the War Department and the Governments of any of our European Allies growing out of the war and arising in America were fully developed and presented by Mr. Cuthell and the members of his staff, either in America or in Europe. In this work, Mr. Cuthell had the assistance and co-operation of the Commission. The claims which he established against the French Government were made a part of the final accounting by this Commission in its "General Settlement" with that government. All claims of this nature between the War Department and our European Allies, or their nationals, which arose in Europe, were developed, studied, and disposed of by the Commission. Mr. Cuthell and his assistants have acted as the Commission's representatives in Washington, and as such have rendered invaluable services.

The following pages will present a brief record of the more important settlements which the Commission made in Europe:

#### SETTLEMENTS WITH GREAT BRITAIN.

On March 10 and 11, 1919, the chairman of the Commission and Mr. Stettinius held several conferences in London with representatives of the British war office and the British ministry of munitions, at which the more important claims of Great Britain against America were considered. Particular attention was given to the claim growing out of the cancellation by America of the contract, in terms of which Great Britain had agreed to produce and furnish certain artillery and artillery ammunition. Mr. Stettinius had already held a series of conferences with the British on this and other matters.

At these March conferences certain fundamental principles were recognized by both parties as standards by which mutual claims should be measured. The chairman had, before leaving Washington, discussed these principles with Mr. Cuthell. They may be summarized in general terms as follows:

1. Neither government shall, in connection with any war contract or transaction, make a profit out of the other, and this principle shall be applied regardless of prices, tentative or fixed, named in contracts. Actual cost shall control in fixing prices between the two governments, and there shall be neither profit nor loss as between them.

2. An agreement, whether written or oral, regular or irregular, if clearly established between the authorized representatives of the respective governments, shall be binding on both.

3. In the absence of a definite agreement, where it is clearly established that one government, at the request or on the suggestion and with the advice and consent of the other, incurred obligations for the common benefit of both, the expense should be shared by each party in proportion to its benefits, past or prospective.

In a letter written by the chairman to the British representatives, confirming the London interview, the following language was used:

It is understood that the broad, general principles which have been recognized by both governments in reaching the adjustments above outlined shall obtain in the settlement of claims of like nature which will be presented by the United States Government to the British Government for payment, including claims growing out of the creation of facilities for the manufacture of, as well as expenditures made for the production of, Liberty motors, nitrocellulose powder, cotton linters, etc.

This statement was made by way of assistance to Mr. Cuthell, who was engaged at that time in Washington on the preparation of the claims against England referred to.

The fact that these simple principles were kept constantly in mind in all of our dealings with the representatives of Great Britain has enabled both parties to reach sound solutions of many difficult problems; and, on the whole, it is believed that the cordial relations between the respective governments and peoples have been cemented rather than strained by the negotiations which have taken place.

#### BRITISH ARTILLERY AND AMMUNITION SETTLEMENT.

From time to time during the spring and summer of 1918 America placed orders with Great Britain to manufacture or cause to be manufactured and delivered to America certain quantities of artillery and artillery ammunition. All such agreements, some of which were vague and indefinite and might have been so construed as to have given them far-reaching importance, were merged and superseded by a certain agreement, dated October 19, 1918, entered into

between Mr. Stettinius, Special Representative of the Secretary of War, and Mr. Churchill, British Minister of Munitions.<sup>22</sup>

Immediately after the armistice, Mr. Stettinius gave notice of the cancellation of the contract and at once began negotiations with a view to reaching a fair and equitable settlement for losses occasioned thereby. The negotiations which were merged in the agreement of October 19, 1918, covered a considerable period and it was clear that the British manufacturing operations had been maintained, and that she had made plans for increased production, in order to meet America's demands. A large part of the material contracted for had already been produced and a majority of the remainder was in process. Mr. Stettinius conducted his negotiations on the assumption that, as a large part of these materials were already in being and were in excess of the British requirements, it would be to America's interest to accept completed guns, equipment, and ammunition rather than to pay large indemnities and receive nothing in return.

After consulting with our ordnance officials in London, Paris, and Washington with a view to determining what ordnance equipment could be used to the best advantage by our War Department, Mr. Stettinius asked the British for a revision and adjustment of the contract, in terms of which the number of guns of small caliber to be taken by us were to be reduced, and in lieu of this, the number of large-caliber guns slightly increased. A tentative understanding in general terms had been reached between Mr. Stettinius and the British ministry when the chairman of the Commission took up the case. At the conferences held in March, the chairman reached a tentative agreement which was presented to and approved by the full Commission in Paris a few days later. This agreement was confirmed by the chairman's letter to the British representative, dated March 21, 1919, setting forth the number and types of artillery units and ammunition, the delivery of which America agreed to accept and for which it agreed to pay on the basis of cost to Great Britain, in lieu of the payment of cancellation damages. It was further agreed that deliveries might begin at once in order to relieve the congestion at British arsenals and manufacturing plants and in order to utilize available shipping, and that a final contract would be prepared and executed as soon as the definite unit costs could be procured by the British and verified by the ordnance representatives of

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<sup>22</sup> The entire course of those negotiations is very carefully recorded in two type-written volumes in the Commission's files entitled, respectively: (1) "Résumé of negotiations conducted by Mr. Edward R. Stettinius with the French and British Governments"; and (2) "Résumé of negotiations conducted by the United States Liquidation Commission—War Department with the British Government for the settlement of obligations of the United States consequent upon the purchase of artillery and artillery ammunition, Paris, Aug. 28, 1919."

the American Expeditionary Forces. The formal contract was signed August 9, 1919.<sup>23</sup>

Under the terms of this contract, Great Britain has delivered, or will deliver, to the United States the following guns, gun equipment, and artillery ammunition:

## GUN EQUIPMENT.

Nature.	Cost per unit.	Number of units.	Total value.
	£   s.   d.		
8-inch howitzer, Mark VII.....	6,295   0   0	84	£528,780
8-inch howitzer, Mark VI.....	6,390   0   0	64	408,960
6-inch gun, Mark XIX.....	6,374   0   0	100	637,400
6-inch gun bodies complete with breech mechanisms.....	2,060   0   0	50	103,000
60-pounder gun.....	5,210   0   0	200	1,042,000
			2,720,140

## GUN AMMUNITION.

	£.   s.   d.		
8-inch high explosive.....	13   10   0	<sup>1</sup> 170,000	£2,295,000
6-inch gun high explosive.....	9   15   0	<sup>1</sup> 25,000	243,750
Shrapnel.....	10   5   0	<sup>1</sup> 25,000	256,250
60-pounder high explosive.....	6   0   0	<sup>2</sup> 33,500	201,000
Shrapnel.....	6   3   4	<sup>2</sup> 33,500	206,583
High explosive.....	5   5   0	<sup>1</sup> 66,500	349,125
Shrapnel.....	5   10   0	<sup>1</sup> 66,500	365,750
Total.....			3,917,458
Grand total.....			6,637,598

<sup>1</sup> Compt.<sup>2</sup> Com. rds.

America pays no indemnities for cancellation of the original artillery and artillery ammunition contract of October 19, 1918, but pays actual cost for the guns and ammunition purchased under the terms of this settlement of August 9, 1919. The total payment has been finally determined at £6,637,598. When the contract was signed 90 per cent of this amount was paid in cash, 5 per cent additional will be paid upon the completion of deliveries of the guns and ammunition, and the remaining 5 per cent upon the completion of deliveries of the spare parts.

## AUSTRALIAN WOOL SETTLEMENT.

During the war the British Government made contracts with the governments of Australia and New Zealand for large supplies of wool produced by them. This was obviously done with a view to financing and stimulating production when shipping was precarious and when the Allied Governments were in great need of wool. In October, 1917, our War Department contracted with the British Government for the purchase of 247,000 bales of wool for delivery in

<sup>23</sup> See Appendix XVIII for copy of (1) the final artillery and artillery ammunition contract of settlement with Great Britain, dated Aug. 9, 1919, together with (2) the covering letter written by the Commission's chairman.

Australia during the summer of 1918. In the late summer and early fall of 1918 negotiations were opened in London for the purchase by America of additional wool, and on November 7, 1918, a contract was signed in London between Great Britain and America (the latter acting through Messrs. Summers and Patterson, of the War Industries Board) whereby Great Britain sold to America 325,000 additional bales of Australian wool.

The entire amount purchased under the first contract had been shipped to the United States during the war and approximately 115,000 bales had been delivered under the second contract before this Commission came into the situation. The Commission found that with the coming of the armistice the War and Navy Departments of the United States had stocks of wool not only in excess of their own needs but in excess of the requirements of our civilian population and in excess of what our markets could advantageously absorb at that time. The chairman of the Commission, therefore, accompanied by Mr. Cuthell, visited London, and in conference with Lord Inverforth, minister of supplies, Sir Arthur Goldfinch, British wool expert, W. T. Layton, and others, urged that America be relieved of its obligation to accept the remaining 210,000 bales under the contract of November 7, 1918. The British representatives were very insistent that America should take and pay for this wool without delay.

Upon studying the contracts and correspondence connected with the whole series of wool transactions, some ambiguities were discovered. The British Government had two schedules of prices at which it sold wool—one the “civil issues price,” upon which it made a profit to cover the risk it was taking, overhead and other expenses; the other the “military price,” designed to represent cost to Great Britain, and at which wool was issued to the British Army. Sir Arthur Goldfinch, who had negotiated the sales in behalf of Great Britain, insisted with great earnestness that the contracts provided in substance that America should pay for all of the wool purchased by it at the civil issues price, and that it was proper that America should so pay because she did not participate with Great Britain in the risk of the purchase of the entire clip. On the other hand, the chairman, without admitting the construction placed on the contracts by Great Britain, earnestly contended that even if the British construction of the contract was correct, Great Britain should not insist on the terms of the contract which would result in its making a profit out of America on wool purchased for war purposes, and in furtherance of the cause in which Great Britain and America had joined forces.

As a result of these conferences and debates, which consumed the better part of two days, and in which Mr. Cuthell and Mr. Elliott



(the latter being the wool expert of the Purchase, Storage and Traffic Division of the War Department) participated, an agreement was reached substantially as follows:<sup>24</sup>

1. America agreed to pay for all of the wool purchased under the contract of October 1, 1917, on the basis of the civil issues price less  $2\frac{1}{2}$  pence a pound, in accordance with bills already rendered, covering approximately 247,000 bales.

2. America agreed to pay the bills rendered by Great Britain for storage and insurance in Australia, and for interest on delayed payments under this contract, amounting approximately to \$850,000.

3. America agreed to pay for the 115,000 bales already shipped under the contract of November 7, 1918, on the basis of the civil issues price less  $2\frac{1}{2}$  pence a pound in accordance with the bills already rendered, plus a payment of 1 penny per pound premium for selection in accordance with the terms of the contract.

4. Great Britain cancelled without cost to America all obligations on our part to take delivery of that portion of the wool which remained undelivered under the contract of November 7, 1918, amounting to approximately 210,000 bales.

5. Great Britain waived all claims for interest and storage against America covering the wool undelivered under the contract of November 7, 1918.

This was believed by all interested parties to have been a most advantageous contract from the American point of view. It relieved the War Department of an obligation to take a large amount of wool for which it had no use and which American markets were unable to absorb within any reasonable time, and for which America would have been required to pay in cash approximately \$38,800,000.

#### THE CUTHELL SETTLEMENT.

As heretofore pointed out, Chester W. Cuthell, special representative of the Secretary of War, and his staff were responsible for the development and presentation of claims of the War Department against Allied Governments arising in America. How thoroughly and effectively this work was done by Mr. Cuthell and the members of his staff is illustrated by the manner in which they presented, in May, 1919, to the British authorities in London and procured allowances of five controverted claims aggregating in amount over \$35,000,000. While the chairman of the Commission participated in these conferences and the contract of settlement was ratified and approved by a vote of the Commission, it is nevertheless the privilege, as well as the pleasure, of the Commission's chairman to bear testimony to the fact that the full credit for the preparation and estab-

<sup>24</sup> See Appendix XIX for the Australian wool settlement, which is paragraph 6 of the Cuthell settlement with Great Britain, dated May 10, 1919, signed by C. W. Cuthell and Lord Inverforth.

lishment of these claims belongs to Mr. Cuthell and the members of his staff.

After conferences lasting for only a little more than a week, these claims, as presented to Great Britain, were established and allowed as follows:<sup>25</sup>

Spruce, fir, and cedar .....	\$13, 274, 550. 20
Wood distillates .....	2, 887, 554. 00
Liberty motors .....	13, 964, 718. 90
Nitrocellulose powder .....	4, 690, 500. 00
Cotton linters .....	651, 500. 00
	<hr/>
	35, 468, 823. 10

#### SETTLEMENT OF TANK AGREEMENTS.

In the fall of 1917 Great Britain and the United States appointed a joint commission to study the question of the most desirable types of tanks and the question of their production. A conference was held in Paris in December, 1917, the United States being represented by Col. House and others, England by Mr. Churchill and others, and France by M. Loucheur and others.

At this conference the desirability of producing heavy tanks on a large scale, the parts to be made in the several countries and the assembling plant to be built in France, was discussed at length and agreed to in principle. France, however, because she was already producing light tanks in great quantities, declined to enter into a triangular agreement for financing and forwarding such a proposition, but she agreed to assist the other two nations in acquiring a site for the assembling plant and in other ways within her power. She did not ask for any part of the output of the plant at this time.

On the 22d of January, 1918, an agreement was signed between the United States and the British Government, creating an Anglo-American commission, which was charged with building a tank-assembling plant in France with a capacity of 300 tanks per month and capable of being extended to 1,200 per month; 1,500 tanks to be produced during the year 1918. This assembling plant was built at Chateauroux, Neuvy-Pailloux, and is usually spoken of as the "Chateauroux plant." The component parts of the tanks were to be produced about half in England and half in the United States, England supplying plates, structural members, track shoes, guns, ammunition, etc., and the United States supplying engines complete, motor

<sup>25</sup> Copy of Cuthell-Inverforth agreement, together with an explanation of the matters involved in this settlement is found in Mr. Cuthell's report to the Secretary of War, dated Sept. 30, 1919, which is quoted in full in the Annual Report of the Secretary of War, 1919, pp. 105, 106, 117-120.

parts, sprockets, hubs, shafts, track rollers, track lengths, etc. The expenditures of the entire undertaking, including the building of the factory in France, the production of the components, and all other matters directly connected with the work, were to be shared equally by the two Governments. Completed tanks were to be sold to the French, British, or Americans at £5,000 each, this price being subject to adjustment when the project should be liquidated at the close of the war. After the undertaking was well under way, France, through the Interallied Munitions Council, earnestly insisted that the cause of the Allies required that the majority of the large tanks to be assembled at the Chateauroux plant should be allocated to her. After much discussion, it was reluctantly agreed that France and the United States should share equally the tanks as produced until the first 1,200 had been finished and that the next 300 should be allocated to France. This understanding was never reduced to writing as a formal agreement, nor was any agreement ever made with regard to the allocation of tanks in excess of the first 1,500 to be produced.

The Chateauroux plant was never quite finished and no tanks were ever assembled there. Immediately after November 11, 1918, work on the whole project was discontinued and conversations began with a view to reaching a settlement in liquidation of the affairs of this enterprise. Approximately 24,000,000 francs had been expended on the erection of the assembling plant for substantially one-half of which the United States was indebted to Great Britain. The amount which the United States and Great Britain had each expended in the manufacture of components has been estimated as approximately £3,000,000. France had invested nothing in the enterprise, although, as noted above, she was to receive nine-fifteenths of the first year's output.

The liquidation of this undertaking was discussed by the Commission's chairman and Mr. Stettinius with the representatives of the British Government in London early in March, 1919, and a tentative agreement in general terms was reached. This agreement was reduced to writing, and formally executed under date of August 8, 1919.<sup>26</sup>

The contract provided that the losses sustained by the two Governments in the manufacture of tank components should be considered as offsetting each other, and that neither Government should bill the other, nor bill the Anglo-American Commission for any of them. The cost of erecting the assembling plant, and all expenses in connection with that undertaking were shared equally between the two Gov-

<sup>26</sup> See Appendix XX for a copy of the "Chateauroux tank agreement" of Aug. 8, 1919.

ernments. Nothing remained, therefore, to complete the liquidation save the disposition of the assembling plant, and the presentation to France of the equitable claim growing out of the allocation to her of nine-fifteenths of the first year's production. It was believed by Great Britain and the United States that the most satisfactory form in which to present this claim to France was to ask her to purchase and take over the plant with all rights and obligations pertaining to it and pay on the transaction a sum sufficient to cover the purchase price, and such share of the general loss as might be determined to be equitably chargeable to France.

It might seem fair, at first blush, for the proceeds of this sale to be divided equally between Great Britain and the United States because the two Governments had shared equally in all the expenses of constructing the plant. Great Britain, however, contended with much plausibility that because she had relinquished to France her allocation of 750 tanks (one-half of the first year's output), and because America had relinquished only 150 tanks: the major portion of the payment from France should go to England, in so far as it was a contribution to the general loss, and not a payment for the value of the plant.

Without settling the point with England concerning the division of the proceeds, the Commission joined with the representatives of Great Britain in presenting the claim, through M. Loucheur, to the French Government. M. Loucheur, in his answer, argued that the French understanding of the whole tank situation was that, while the English and American Governments had been planning to concentrate on the production of heavy tanks, the French Government was making large expenditures in concentrating on the production of light tanks, and that, while the French Government would have received heavy tanks from the Anglo-American Commission, both the English and American Governments would, in turn, have received light tanks from the French Government. He contended further that no more definite agreement had been reached to the effect that France should get heavy tanks than to the effect that England and America should get light tanks; that the moral force of one claim was as strong as the other.

After this answer had been carefully examined by the representatives of Great Britain and by this Commission, negotiations were re-opened with M. Loucheur, which finally resulted in an agreement by the French Government to pay 20,000,000 francs in settlement of the claim, France taking over the Chateauroux plant with all rights and liabilities relating thereto at the time of the contract. It was estimated that the net salvage value of the Chateauroux plant was 5,000,000 francs, so that 15,000,000 francs might be considered as in-

demnity paid by the French as their share of the losses connected with the undertaking.

It was clear that England was entitled to a larger share of this indemnity than the United States, because she was to receive no tanks during the first year of the plant's operation, having relinquished her entire share to the French. Of the 900 tanks which France would have received from the first year's production, England would have contributed 750, or five-sixths, and America 150, or one-sixth. England contended that while it was proper to divide the 5,000,000 francs equally between the two Governments, the 15,000,000 francs should be divided five-sixths to England and one-sixth to the United States. The Commission finally agreed with Great Britain that the 20,000,000 francs received from France should be divided, 70 per cent, or 14,000,000 francs, to Great Britain, and 30 per cent, or 6,000,000 francs to the United States. On October 4, 1919, a final contract was signed with Great Britain providing for a complete liquidation of the affairs of the Anglo-American [Tank] Commission, and providing in detail for a distribution of funds and settlement of account.<sup>27</sup>

Another matter arose in connection with this settlement. It will be remembered that under the Anglo-American agreement certain tank parts were being made in the United States and other parts in England while shipments were to be made to France where the tanks would have been assembled. Our War Department in Washington decided that it would be desirable to use some of the components already produced under this agreement for the manufacture of tanks for training and educational purposes. The British Government was approached by the chairman of the Commission and it consented to turn over to us, at a salvage price, tank parts sufficient to enable us to produce 105 tanks. England estimated that her share of the components for one tank had cost about £5,000, but because tank components had little more than salvage value to her after the war she was glad to offer America these parts at slightly over £1,000 per tank. The total bill for this purchase amounted to £105,786 7s.<sup>28</sup>

There was one more tank transaction which remained to be settled. Some time before November 11, 1918, Great Britain had supplied to

<sup>27</sup> See Appendix XXI for (1) a copy of the contract of final settlement of the Chateauroux tank project, dated Oct. 4, 1919; (2) a copy of memorandum prepared by M. Loucheur and signed by Loucheur and Morel, on behalf of the French Government; by C. C. Barry and F. W. Phillips, on behalf of Great Britain; and by Edwin B. Parker, on behalf of the United States, dated Oct. 9, 1919.

<sup>28</sup> A full account of all the negotiations carried on in connection with the settlement of the Anglo-American agreement is contained in a typewritten volume in the Commission's files, styled "Résumé of negotiations conducted by United States Liquidation Commission with the British and French Governments in the final settlement of the Anglo-American agreement and the purchase of British tank components," dated Paris, Aug. 28, 1919.

the 301st Tank Battalion, United States Army, 64 tanks of various marks, complete with armament and equipment. These tanks were used in fighting while this battalion was brigaded with the British Army. The British supplied spare parts as they were needed. After the war, 14 of these tanks were shipped to the United States and the remaining 50 were returned to Great Britain. A portion of them had been damaged in action. The Commission agreed, by a contract dated August 11, 1919, that the United States should keep the 14 tanks, the British should keep the 50 tanks, and that the whole matter should be settled by a payment to Great Britain of £189,232 2s. 11d.

#### BRITISH LIBERTY MOTOR SETTLEMENT.

Under the Cuthell-Inverforth agreement of May 10, 1919,<sup>29</sup> the War Department of the United States was obliged to continue its deliveries of Liberty motors to England until the total should reach 2,252 motors. These deliveries were completed out of the surplus Liberty motors which we had in our possession in France and which were not needed to satisfy our obligation under the final aircraft settlement with the French Government.

#### BRITISH INTEREST CLAIM.

Prior to the creation of the Commission, the British Government had presented to the American Expeditionary Forces a claim for interest on money invested by the British in stocks which had been sold afterwards to the United States at cost and also a claim for interest on bills payment of which had been delayed more than one month. These claims had already been tentatively recognized by the American military authorities and were among the first important matters with which the Commission was called upon to deal, the chairman making his first examination of them during his visit to London early in March.

The British claimed that interest on investments made by them in stocks afterwards sold to us should begin to accrue from the date of the investment by the British in such stocks irrespective of the date of the bill or invoice. The Commission in numerous prolonged conferences protested against payment of interest for any period previous to the presentation of a proper bill.

The position which the British took was that our contention would be sound under ordinary conditions, but that the exigencies of war made conditions abnormal, and that they ought not to lose the interest on capital which they had invested for us merely because they had

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<sup>29</sup> See Appendix XXII for the text of section 3 "Liberty motors and proper proportion of sets of spare parts" of the Cuthell-Inverforth agreement of May 10, 1919.

not paused in the process of waging war for the purpose of rendering bills. They claimed that, if America was unwilling to consider interest from the date of the *investment* by the British, at least we should pay interest from the date of delivery. They further pointed out that, during all of this time, they were borrowing money from America and paying interest on it from the date when the credit was extended, and that an important part of this same money had been paid out for the very materials and supplies which they had delivered to us.

Numerous objections to this claim were put forward by the Commission and it would not be profitable to rehearse them here. It is enough to say that the fact was clearly developed that there had been unreasonable delays by each party in the payment of bills. The British finally abandoned their claim for interest on investments covering periods prior to the rendition of bills; and it was finally agreed that interest at the rate of 5 per cent per annum should be paid by each party on every proper bill which had been rendered by the other and which had been held for a period longer than a full calendar month without payment, interest beginning to accrue on the first day of the second month following receipt of the bill.

Careful studies were made of all bills rendered by either party prior to July 31, 1919, and a summary of these bills was prepared. A balance was struck showing that the British bills against America exceeded the American bills against the British by £51,062,692 15s. 5d. It was also calculated that the average period during which all of these British bills had been held unpaid after they had been presented in proper form was five and one-fourth months. An average period of one and one-half months being allowed as a reasonable time for checking and vouchering, it was agreed that interest should be computed at 5 per cent per annum for a period of three and three-fourths months on £51,062,692 15s. 5d., and the result, namely £797,854 11s. 2d., should be paid by America to Great Britain in full, final, and complete settlement of all mutual interest claims of this nature accruing from the beginning of the war to and including July 31, 1919. This sum has been paid.<sup>30</sup>

The contract of settlement further provides that interest at the rate of 5 per cent per annum shall begin to accrue October 1, 1919, on all bills rendered prior to August 1, 1919, and which have not been paid on October 1, and, further, that all bills rendered in the month of August which have not been paid before October 1 shall bear interest from the latter date and that on November 1 interest shall begin to accrue on all bills rendered during the month of September which have not been paid before November 1. This formula is to be

<sup>30</sup> See Appendix XXIII for copy of the contract settling the interest claims between the British and American Governments, dated Oct. 20, 1919.

followed until all mutual bills and accounts between Great Britain and the United States growing out of the war have been paid. It will be noted that this plan allows an average period of 45 days for checking and vouchering bills before interest begins to run.

Bills are not "rendered" for the purpose of this contract until they are presented in a correct and proper form, i. e., the form in which they are ultimately paid. A bill which is delayed in payment on account of being returned for correction is not "rendered" until presented again in correct form.

It may be of interest to note in passing that measures were taken by the Commission to insure the prompt payment by the American forces of all proper bills rendered by the British against them and that practically no interest is accruing at this time nor has any accrued for some months past. It is also interesting to note that, by force of circumstances for which neither government is censurable, America has gained very much more by reason of the decline in the rate of exchange than she has lost by the payment of interest for any periods of delay.

#### LIQUIDATION OF THE NITRATE POOL.

In the early part of 1918 America agreed with Great Britain, France, and Italy that the purchase of nitrate of soda, which was required in large quantities by these Governments for use in the manufacture of powder and explosives, should be allocated through a "nitrate executive" stationed in London. The world's supply of nitrate of soda is located in a small area near the coast of Chile, and its export is controlled by the Chilean Government. Purchases were made from time to time by or for account of the respective Governments, or for importers under allocations made in London by the nitrate executive.

Immediately after the armistice all importations from Chile to the United States were stopped, and the War Department took account of its stocks. It turned over 192,000 tons to the Department of Agriculture for sale and use in the production of soil fertilizers. It placed 300,000 tons in War Department reserve. After these dispositions it was calculated that the surpluses remaining, including a small Navy Department surplus, were something over 28,000 tons in the United States and about 120,000 tons in Chile.

Early in December, 1918, a tentative understanding was reached between the British ministry of munitions and the American War Department for the formation of a pooling arrangement, according to which the surplus stocks of nitrate held by the two Governments might be disposed of. The terms of this understanding were not well defined, and when the matter was taken up with the British representatives by the chairman of the Commission on his visit to



London early in March the British were not prepared to admit that a real "pool" had been formed. After some conversation, however, the existence of the pool was admitted in principle.

There were several difficulties in the way of a prompt disposition of the stocks and conclusion of the affairs of the pool. The stocks were widely scattered. Some of them were in Chile, some in the United States, some in Great Britain, and some in Canada. It was difficult to get accurate information about their exact amounts and exact locations. More than one department of both Governments was interested in the disposition. Much delay was incident to the exchange of cables between London, Chile, Canada, Washington, and the Commission.

Finally, after numerous and prolonged conferences, a contract of settlement of the entire controversy was executed as of September 15, 1919, and delivered on October 29, 1919.<sup>31</sup> This agreement provides that the pool shall be construed to exist to the extent of participation—

	Tons.
By the British Government, with stocks of.....	436,628
By the United States Government, with stocks of.....	157,396
Making a total of.....	594,024

Of this amount 226,173 tons remained unsold on September 15, 1919. This unsold surplus is bought by each Government from the "pool" under the terms of the contract, the quantity purchased by each being in a ratio equal to the ratio of the two contributions. The price to be paid by each Government and credited to the "pool" is 8s. 6d. per quintal (22 quintals equal 1 long ton) for refined nitrate and 8s. 2d. per quintal for ordinary nitrate, plus \$17.50 per ton for ocean freight to the United States and 140s. per ton to England, and plus marine insurance charges. The stocks allocated to America in this sale consist of 28,376 tons located in the United States, 16,598 tons located in Canada, and 14,954 tons located in Chile, or a total of 59,928 tons. The stocks allocated to Great Britain consist of 58,468 tons located in the United Kingdom and 107,245 tons located in Chile, or a total of 165,713 tons. The profits and losses of the pool are to be apportioned between the two Governments according to the ratio of their contributions of nitrate as set down in the schedule above.

Deliveries are now being made under these allocations. When they are complete it will be necessary to make some adjustments in accordance with the terms of the contract of September 15, 1919, above

<sup>31</sup> See Appendix XXIV for a copy of the contract of liquidation of the nitrate pool, together with a memorandum of the revised figures which have finally been used as the basis for the allocation of the stocks. See also minutes of Commission meeting held Dec. 3, 1919, Minute Book, p. 452.

mentioned, and then a final statement can be prepared and the liquidation completed. This pooling arrangement as finally consummated will prove advantageous to America. It is quite important that the final accounting should be done by the War Department through a representative who is thoroughly familiar with the whole series of transactions. The Commission's files contain a complete record, but it is voluminous.

#### **BILLS, ACCOUNTS, AND CLAIMS PENDING IN GREAT BRITAIN.**

Nearly all the bills, accounts, and claims of America against Great Britain growing out of the war, whether they arose in the United States, England, France, or elsewhere, have been presented and finally disposed of. There still remain, however, a fairly large number of bills to be presented by Great Britain against America arising out of transactions both in England and in France. It is roughly estimated that these bills will aggregate £5,000,000 at this time. The Commission has continuously brought pressure to bear upon the several departments of the British Government to induce them to present these bills in order that a full, final and complete mutual settlement of all transactions between the two Governments growing out of the war might be concluded. It is believed, however, that while a large number of these bills and claims have been presented and disposed of, they will perhaps not all be rendered for several months to come. The British representatives have assigned, as the reason of this delay, the constant changes and wholesale reductions in the personnel of their several departments.

There are three unliquidated claims of Great Britain against America for very substantial amounts which are still pending. These have not yet been presented to the Commission in anything like complete form. They are still being studied by British representatives, who state that they expect at an early date to be in a position to present them with data, evidence, and arguments in their support.

#### **EXCESS COSTS CLAIM.**

The most important one of these pending claims has come to be known as the "excess costs" claim, or the claim for "hidden loss on steel." During the series of interviews which the chairman of the Commission had with the British officials early in March, 1919, notice was informally given that it was their intention to present a claim for excess cost of steel, and that the basis of this claim was the fact that the British had billed America for steel products, especially artillery and artillery ammunition, using the artificially low price which had been fixed by the British Government for the

issuance of steel to their manufacturers, termed by them "manufacturers' issues price." The British stated that these bills against America did not take into account subsidies and other elements of cost which their government had paid directly or indirectly for the steel. They also stated that it had become necessary for them to purchase steel in America at a price not only higher than their government-fixed price but higher than the actual cost of steel in England, in order that they might be able to supply the United States with products of which steel formed a large constituent part.

In concluding the several artillery, ammunition, and tank agreements referred to above, the rights of Great Britain arising under this "excess costs" claim were specifically reserved without prejudice to either party.

On August 1, 1919, the British presented their first written statement of this claim, showing the amount involved according to their accounting to be approximately £3,770,000. Among other contentions put forth by them in support of the claim, one was to the effect that, in all America's purchases from Great Britain of finished articles of which steel formed a constituent element, America had originally promised to replace the steel ton for ton in Great Britain. They said that the stocks containing steel had been sold in great quantities to America and billed on the basis of the British fixed price of steel to manufacturers; that, the price of steel in America being much higher than it was in England, America was liable to Great Britain for the difference between these two prices on all steel purchased by the latter country in the United States because such purchases were necessary to replace the steel contained in products furnished to America. They have sought to apply here the principle that, in cases of reciprocal supply, neither nation ought to make a profit nor sustain a loss. In this case they insist that they have lost money on all steel products furnished to America on the basis of the bills already rendered.

The Commission has answered in part that the "replacement obligation" did not, and was never intended to, control or affect *prices*, but was entered into as a measure of insurance to Great Britain that she would secure steel tonnage from America at least equal to the steel entering into the products sold by Great Britain to the United States. When this replacement arrangement was agreed to neither party was greatly concerned about *prices*, but both were very much concerned about the allocation of bottoms for steel, because all of the Allies were in great need of tonnage. It was further pointed out that the replacement obligation had been entirely cancelled, without reservation or condition, by the agreement concluded between the representatives of America and Mr. Churchill, British minister of munitions, in October, 1918.

The Commission took the position, however, that it was the wish and purpose of America to compensate Great Britain for every proper element of cost which could be definitely assigned to products sold to America by the British. With this in view the British representatives undertook to ascertain (1) the average loss on all steel which the British Government furnished to British manufacturers during the year preceding November 11, 1918, the calculation being based on the difference between government prices to manufacturers and actual cost to the government, taking into account every direct element; (2) the amount of such steel which has entered into products sold to America by Great Britain; and (3) the hidden loss to the British on all steel furnished to America as estimated in this way.

Such a calculation was made, and a memorandum setting forth the items making up the costs was presented to the Commission by the British representatives on November 10, 1919. This memorandum furnished the basis of several conferences at which the Commission pointed out that some of the items of alleged loss were too remote and indirect in their nature to be considered as "costs." An example of such indirect charges was an item covering bonuses paid by the British Government to manufacturers of silica brick, for the purpose of stimulating their production, that the brick might be used in the building of furnaces for the production of steel for the manufacture of shells, some of which were sold to America. The Commission pointed out how impracticable it would be for each Government to trace every remote and indirect element of cost which had entered into the production of materials furnished to the other. Attention was called to the fact that, under the principle which Great Britain was seeking to apply here, she might ask America to participate in the subsidy which she had paid on the bread which the workers in her steel mills had eaten. Another point which has been urged by us is that Great Britain has not included any item of credit to America for the large sums collected by her in the form of excess profit and war profit taxes from her steel manufacturers.

The British have urged that both France and Italy have already recognized the justice of the principle for which they are contending, because these countries have paid to Great Britain two sets of bills on all their purchases of steel products. One set covers straight cost to the manufacturers, the other, or supplemental, set was based on the price paid by Great Britain for American steel and represented a "hidden loss" of the character described in the claim which they are now presenting against us.

The British representatives are making additional studies of this claim in the light of the objections which we have urged, and they promise to present it again in revised form.

## OVERHEAD EXPENSE CLAIM.

Another important claim which is still pending is called the "overhead expense claim." This matter arises out of a general claim by the British Government for reimbursement for certain expenses such as inspection, storage, handling, transportation, and insurance, connected with materials which the British Government bought for us from its own nationals or sold to us from its own stocks. The British claim that there have been expenses, in addition to the face of bills rendered by nationals, connected with handling this material in our behalf between the time when it left the contractor and the time when it came into the hands of the American Army. The problems arising in connection with these so-called "overhead charges" have been solved and all claims adjusted with the British ministry of munitions.

With the British war office, however, the matter is still unsettled. From July 29 to August 30, 1919, the overhead expense items in war office bills were allowed. But, during August, the war office gave notice that they intended to add 4 per cent. or such part thereof as might be applicable, to all their overhead expense charged on bills previously rendered and on all bills in the future. As it was believed that it would require a great amount of unnecessary work to audit the overhead expenses, if they were presented in detail by the war office; it was agreed that the British might present their claim in lump-sum form; and, as it was thought best to make no payments which might interfere with this proposed arrangement, a memorandum was issued on August 30 suspending all payments for war office overhead expenses. This memorandum is still in effect. The British have presented their lump-sum offer in tentative form, and the total claim amounts to nearly £1,000,000. The Commission has made it clear to the British representatives that some of the items of this claim can not be considered because they are too indirect; such items for example as pertain to Government administrative expenses or interest on capital investments. Other items are believed to be proper charges against America and should be allowed when they are suitably presented and established.

## SUPPLEMENTAL CLAIM FOR RAILWAY TRANSPORTATION.

America has paid Great Britain for the railway transportation of troops and supplies at her established military rates, payments being made when and as the services were rendered. During the war Great Britain made certain guaranties of income to her railroads under which she is now being called upon to pay substantial sums. A short time ago she reached an agreement with her railroads in

terms of which there is an increase in the military rates for the transportation of troops and supplies, this increase being retroactive to the extent that it applies from April 1, 1919, forward. The suggestion has been made that the British now render supplemental bills against America on the basis of these increased rates covering all items of transportation of our troops and supplies since April 1, 1919.

The Commission has said to the representatives of Great Britain that America can not consider any such claim. It has been pointed out that the United States might make an analogous claim against Great Britain for the payment of her share of the loss which has been sustained by our Government in taking over the operation of our railroads during the war period. This share might be calculated by determining the ratio of transportation for the British to the total transportation in America. Were we to recognize the right of Great Britain to bind us by retroactive agreements there might be no limit to the liabilities which Great Britain might incur for our account in revising contracts for munitions, supplies, and services and in other ways. Likewise if the United States should begin all over again to calculate the exact cost to her of everything which she has procured from her own nationals in behalf of Great Britain every settlement which has been made would have to be revised.

#### CONTRACT CLAIMS OF NATIONALS.

During the war it became necessary for the American Expeditionary Forces to enter into contracts for the purchase or manufacture of war supplies with the nationals of France, England, Italy, Spain, Portugal, and Switzerland. A large number of these contracts were active when the armistice was signed, and for the most part these were promptly cancelled in whole or in part according to the state of production and the extent to which the products would be used by the American forces. The cancellation of these contracts in most instances necessarily involved losses to those with whom they had been placed; but, as the resulting damages were unliquidated in their nature, there was some doubt as to the right of the several services of the American Expeditionary Forces, or of the War Department, to settle same. This doubt was removed by Congress when it passed the act of March 2, 1919, conferring broad powers upon the Secretary of War, and through him upon the Commission, to make equitable adjustment of all such claims.

Searching and painstaking investigations were made through the several services which had negotiated the contracts of manufacture and purchase in the first instance, and their reports were in turn reviewed and frequently supplemented by the Chief Finance Officer, who in turn transmitted the files to this Commission, where they

were again subjected to a careful examination and frequently were the subjects of conferences between the claimants, the chiefs of the services interested, the Finance Officer, and members of the Commission or of the Commission's staff. It became necessary from time to time for the Commission to send claims back for re-investigation, re-study, and re-consideration, and in several cases, notably those arising in Switzerland and Spain, special representatives were sent by the Commission to make first-hand investigations and reports.

There were in all allowed 446 claims for cancellation of contracts, besides a number of disputed bills payment of which the Commission authorized. Indemnities have been paid in the currencies of the various nations where the matters arose and the rates of exchange have varied. Almost everywhere the rate has been considerably below par. The total amount claimed, expressed in dollars at the normal rate of exchange, was \$17,427,175.41, while the total payments made, expressed in dollars at the normal rate of exchange, amounted to \$8,413,984.19. There have been 53 contract claims disallowed for various reasons. Their total in dollars at the normal rate of exchange would have been \$739,894.91.<sup>32</sup>

## SETTLEMENTS WITH FRANCE.

### FRENCH ARTILLERY AND AMMUNITION SETTLEMENT.

During the latter part of July, 1918, Edward R. Stettinius, then special representative of the Secretary of War, began, in the light of the increased military program of the United States, to negotiate with the French and British Governments for increased allotments of artillery and artillery ammunition. Numerous estimates were exchanged between him and the French officials, and French production was increased and pressed to its fullest capacity in order to meet America's needs.

While no formal contract was ever entered into between the two Governments, and while neither the exact number of guns which the French could furnish, nor the exact number of components for them which the United States could supply was ever definitely agreed upon, there is no doubt that the United States relied upon the French to assist them substantially in their artillery program, and that the French enlarged their production with this in view. A list of the materials and components which America could supply was drawn up, and a list of the guns which the French could supply, expressed in terms of numbers per month, was prepared. Both lists were corrected from time to time and a discussion of these figures continued until the date of the armistice. In the meantime, however, orders

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<sup>32</sup> See Appendix XXV for a chart showing the number of claims settled, the total amount claimed in all cases where specific amounts were claimed, the amount allowed by the Commission, and the number of claims disallowed.

were regularly given, and stocks delivered by both parties in pursuance of the general understanding.<sup>33</sup>

It was understood that the price to be paid by America should be cost to the French Government. As the signs of an approaching armistice began to be detected, efforts to conclude these arrangements in a formal contract were halted, but it was always perfectly clear that America was obligated to France in regard to the guns which the French had in process of manufacture for America.

Immediately following the armistice, Mr. Stettinius began negotiations looking to a fair and equitable settlement of these obligations to the French, with a view to reducing our investments to a minimum, yet at the same time getting, in the form of completed artillery units, as nearly as possible value received for the money invested. In the first conference held with the French authorities it developed that France could not, for economic and social reasons, suddenly cease production, and that they were inclined to hold us responsible for accepting large deliveries.

Mr. Stettinius took the position, which he steadfastly and consistently maintained, that the United States ought not to pay for any materials which had been produced as a result of continuing the operation of French factories beyond the war period in the interest of the social and economic welfare of France, and for the benefit of her people. The French authorities finally acquiesced in this position and in December, 1918, Mr. Stettinius had in conference with M. Loucheur, representing the French Government, agreed in principle upon the terms of a settlement.

An inventory was made of the guns in process, with percentages of completion on the date of the armistice. These figures were reduced to terms of completed guns, and America agreed to accept delivery of and pay for that many guns, orders for all others being cancelled, without charge. The artillery ammunition in common dumps was to be sorted, America taking all of the American manufacture, and France all of French manufacture. Contracts under which the French were to complete shells and load them and contracts under which America was to furnish empty shells were to be mutually cancelled without charge.

It is believed that the underlying principles of this settlement are fair and just to both parties. Certain it is that America has no cause for complaint. As soon as the Commission was established the terms of this pending settlement were discussed at length by the commissioners with Mr. Stettinius and measures were taken to apply the

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<sup>33</sup> See Appendix XXVI for (1) a catalogue of artillery components to be furnished by United States to France, and (2) a catalogue of guns to be furnished by France to United States, as established in the arrangement between Stettinius and Mercier on Sept. 19 and 21, 1918. These figures were never greatly changed, and they were actually acted upon by the two Governments in order to save time.



principles already tentatively established and to reduce the matter to a formal contract, which, however, was not finally executed until August 28, 1919.<sup>34</sup>

The terms of this contract may be briefly summarized as follows:

First. France delivers to the United States—

(a) 944 75-millimeter gun materials, model 1897, with limbers.

(b) 700 155-millimeter howitzer materials, model 1917, Schneider design, with limbers.

(c) 198 155-millimeter G. P. F. materials with limbers.

(d) Additional spares as specified.

France waives all claims for indemnity for the cancellation of arrangements for the purchase of artillery components and ammunition.

Second. In consideration of such deliveries the United States, in the general settlement with France, credits the latter with 117,501,887.45 francs.

Under this settlement the United States has acquired artillery units of standard types at cost without being required to take and pay for any additional ammunition, with which we are already abundantly supplied, and without the payment of \$1 in the form of cancellation indemnities.

#### FRENCH AIRCRAFT SETTLEMENT.

When the armistice was signed, there was being manufactured by, or through, the French Government in various factories in France, for the use of America, large numbers of airplanes, and large quantities of aeronautical material under a contract dated May 3, 1918, and signed by Gen. Pershing. By the terms of this contract, written orders were placed from time to time with the French air ministry, which in turn allocated them to particular French factories. The price to America was to be the same as that paid by the French Government for similar articles contracted for at the same time and on similar terms; or, if there were no such contracts, then it was to be the same as the price on current contracts of the French Government for similar articles plus, in either case, 5 per cent for inspection, supervision, and other overhead expenses. The contract would have expired on June 30, 1919, and it provided for the delivery of a certain number of planes each month. It contained no cancellation clause, but the French Government had a cancellation clause in each of its contracts with the manufacturers.

On November 11, 1918, the American Air Service wrote to the French air ministry giving informal notice of cancellation of all orders for aeronautical materials, and negotiations were at once

<sup>34</sup> See Appendix XXVII for copy of (1) French artillery and artillery ammunition contract dated Aug. 28, 1919, and (2) supplement to French artillery and artillery ammunition contract dated Nov. 20, 1919.

begun between Mr. Stettinius and the chief of the air service, American Expeditionary Forces, representing America, and M. Tardieu and the French air ministry, representing France, looking to an equitable adjustment of the respective rights and liabilities of the parties arising under this contract and its cancellation. Each party instituted separate far-reaching and intensive studies of the conditions of manufacture of these materials, factory by factory, in order to ascertain the actual loss to France in cancelling these contracts.

A survey made by an American Air Service committee, consisting of 17 officers and 2 civilians, was completed by the latter part of December, 1918. This survey showed (1) the number of cellules (airplanes without motors) of various types allocated to the American Expeditionary Forces; and (2) the number of cellules actually in process of construction, together with their percentage of completion. With these data in hand, the percentage of completion of cellules under construction was reduced to an equivalent of completed cellules, and their purchase price under the contract computed. These computations were made with a view to proposing to the French that America might satisfy her obligations in respect to this contract and its cancellation, by taking and paying for completed cellules in place of taking and paying for a large quantity of materials in process, of which the estimated salvage value was only about 5 per cent of the cost of production.

There were wide discrepancies between the estimates made by the American and French services respectively, and it was only after long and painstaking conferences and diligent study that these differences were finally reconciled and adjusted. The problems presented by this settlement were among the first taken up by the Commission after it reached Paris. The negotiations and work were carried on under the supervision, and with the approval of the Commission, by Maj. Gen. Patrick, Chief of the American Air Service, and the members of his staff, and an agreement with the French was reached in May, providing for the following payments by America:

	Francs.
For 3,568 cellules in process.....	56, 295, 662
For 3,979 motors in process.....	64, 563, 788
For "cancellation costs" <sup>35</sup> .....	14, 710, 537
For spare parts in process <sup>36</sup> .....	19, 962, 553
For cancellation of spares.....	8, 225, 004
For miscellaneous materials in process.....	3, 496, 628
For cancellation of miscellaneous materials.....	413, 589
	<hr/>
	167, 667, 761

<sup>35</sup> The "cancellation costs" were for raw materials, commitments, and labor, less salvage value, in connection with articles ordered but not yet in process of construction.

<sup>36</sup> The "spares" and miscellaneous articles represented aviation accessories in process of manufacture, calculated on the same basis as that of cellules and motors.

This settlement contemplated that aeronautical material of the value of 144,318,631 francs was to be delivered to the United States and paid for by it; while the United States was to pay 23,349,130 francs "cancellation costs." France released the United States from any further obligations under the contract of May 3, 1918, and subsequent orders placed pursuant to its terms. The underlying principle of the settlement was to find the actual cost to France of making the cancellations, and then, instead of the United States accepting salvage value only—estimated at 5 per cent—on left-over materials, it should as far as possible take deliveries of these materials in terms of finished products. From what follows, it will be seen that the agreement concerning *deliveries* under this settlement was considerably modified in connection with the settlement of our "Liberty motor" claim.

#### LIBERTY MOTOR SETTLEMENT.

About the middle of May, the Commission, Mr. Cuthell, Gen. Patrick, and members of his staff presented to the French air ministry America's claim against France growing out of the production of Liberty motors in the United States. After several conferences with the French authorities, it was agreed that the same principles which governed in the settlement of the claim of France against America for the cancellation of the aircraft contract of May 3, 1918, should apply to the settlement of the Liberty motor claim. By this method it was established that France owed the United States the sum of \$21,272,250, of which \$19,530,000 represented the cost of Liberty motors and spare parts which France was entitled to receive from America, and the remainder represented cancellation indemnities.

The two settlements of large and complicated transactions, by the application in each case of the same general principles, left America, on the one hand, obligated to deliver to France a large number of Liberty motors, spare parts, and materials, much of which was in the United States, and for which France had no particular use; and, on the other hand, left France obligated to deliver to the United States a large number of airplanes and airplane materials which were located in France, and for which America had no particular use. France did want 500 Liberty motors, and America did want a small part of the quantity due her of airplanes and materials. The French took delivery of the 500 Liberty motors, and America took delivery of a number of airplanes and spare parts of the types which she could use to the best advantage, leaving with France airplanes and spare parts which America was entitled to receive of a cost value sufficient to balance the cost value of the Liberty motors which

France was entitled to receive but did not take from America. At this point, the mutual obligations to deliver were canceled.<sup>37</sup> In this way both parties were relieved from taking delivery of equipment and material which they did not need, and the enormous expense of handling and transportation, both by land and sea, was saved.

The Liberty motors and spare parts belonging to the United States in France were used in filling our obligations to make deliveries to England, in accordance with our Liberty motor settlement with her:<sup>38</sup> and a limited number of them were sold to Poland.

#### FRENCH TRANSPORTATION SETTLEMENT.

When the American Expeditionary Forces arrived in France they found that all transportation for the French Army was being forwarded on "Ordres de Transport" signed by French Army officers, and that British troops and materials were going forward on like orders signed by British officers. An agreement was promptly perfected with the French Government providing for the transportation of American personnel and supplies over French railroads under the same arrangements, the orders being signed by American officers. When the Commission took up its work it found that, although the matter had been the subject of careful consideration and numerous conferences, not one cent had ever been paid France or the French railroads on account or otherwise, no rate had ever been fixed, nor had any formula or agreement been reached as a basis for payment by America for the extensive services rendered her by the railroads of France.

During the war the American Expeditionary Forces brought to France and put in operation on the French railroads approximately 1,100 locomotives and 17,000 cars. In addition it established large depots, regulating stations, and repair shops, together with about 300 private sidings to connect our installations with the main lines. Our Army furnished to the French railroads engine crews, train crews, repair shops, and personnel, together with all kinds of railway materials and supplies. All of these services were rendered, and all of this equipment was furnished, without any particular agreement for compensation, although there was always of course the general understanding on both sides that everything was to be for "cost" to the supplying nation.

The reason for the absence of specific agreements on this, as on several other important matters, is to be found in the enthusiasm and

<sup>37</sup> See Appendix XXVIII for a copy of the contract between the United States, acting through the Liquidation Commission, and France, acting through the Minister Aero-nautique, dated Nov. 8, 1919, with exhibit attached.

<sup>38</sup> See p. 52, this report.

energy with which everybody's attention during the war was very properly concentrated on the problem of driving forward the military program. The accounting and final reckoning always received secondary attention. When the Commission took up this problem, in March, 1919, it found both the American and French transportation records extremely difficult to handle because so little had been done to make cumulative summaries from time to time and because some of the records were incomplete. It was only after a series of conferences participated in by the commissioners and members of their staff and extending through many days and weeks, in which every avenue of information was explored with painstaking care and various facts and theories of the case were developed, that the Commission was able to formulate and propose a basis for settlement.

In 1898 the French Government entered into an agreement called the *Traité Cotellet* with the six principal railroad companies of France. This covenant provided for the rates and conditions of military transportation in time of war and it was to continue in force for a period of 10 years, subject to renewal at the option of the government. The rates fixed by it were intended to reimburse the railroads without profit for the services to be rendered, and the estimates upon which they had been calculated were based on the low commercial rates existing in 1898. The theory at that time was that the impending war would be of short duration and that the railroads would be able to handle the large volume of traffic involved in mobilization and demobilization of the Army at very low figures.

This expectation was not realized. The volume of traffic surpassed all estimates and the cost of operation steadily advanced. As the war went on and the condition of the French railroads became worse and worse, the demand from the railroads became very insistent that the rates provided for in the *Traité Cotellet* should be substantially increased. It was not, however, until the spring of 1919 that a new agreement was concluded between the French Government and her railroads. The increases provided for in this new agreement are not excessive. In fact, some of the experienced railroad men connected with the American Expeditionary Forces' transportation service with whom the Commission consulted, have advised that justice to the French railroads required still greater increases.

The charges for the railway transportation of our troops and supplies in France were, of course, ultimately due to the individual French railroad companies, the railroads being privately owned. But, when our troops entered France, the French Government had assured us that we should have the use of all of the transportation facilities in France on the same terms which their Government enjoyed and all of our original dealings were directly with that government. Moreover, the French Government owed its railroads

a much larger sum than we owed them and they were anxious that we should not make independent settlements with the individual lines and thus establish precedents which might embarrass them in their own dealings with the railroad companies of their country. From America's viewpoint it was clearly to our advantage to deal with the French Government instead of directly with the railroads inasmuch as the statements of account and settlements with the 6 trunk lines and 79 secondary lines would have required a very large corps of accountants and an enormous overhead expense, whereas by dealing with the government directly we were able to make one final settlement and leave behind no claims to arise and annoy us in the future.

In discussing the settlement, the Commission insisted upon a fundamental principle which was finally accepted by the French Government, viz. that America would pay for transportation of her personnel and freight at the same rates at which the French Army paid, provided that the rate fixed should not yield, out of the share coming from military transportation, a higher operating revenue than the average operating revenue for the three years prior to 1914. This principal was an important factor influencing the French Government and the French railroads in their revision of the *Traité Cottele*. The new military rates were designed to wholly reimburse, without profit, the French railroads for the cost of the services which they had performed, including in that cost such share of a fair rate on invested capital as could be justly assigned to the military services rendered, but not including enough to make up the deficit which had resulted from inadequate commercial rates during the war.

Numerous troublesome questions arose in connection with the application of the general principle: for example, the question of the rental rates to be paid by French railways for the larger and more expensive American engines, the proper rentals for American freight cars, which were double the size of the French ones, the proper freight rate by carload lots in the larger cars, etc. It was found that, in addition to the claims against us for transportation of personnel and freight over French main line roads, there were a large number of claims for transportation over 79 secondary lines, claims for maintenance of about 300 private sidetracks and connections built to reach American installations, claims for switching and demurrage, for rental of French locomotives leased to America for yard service, for rental of buildings and other facilities, for French employees engaged in private service in American yards, for supplies including coal, oil, waste, heat, light and power, for the upkeep of American rolling stock by the French, for damage to certain equipment and materials by America, for construction expenses including a large claim for construction work on the secondary railways used for

American forestry operations, and for various other services and supplies.

As a partial set-off to these claims America had a long list of miscellaneous claims against the French railroads and the French Government. They were for rental of locomotives and cars, for services of train crews, for the repair of French cars and locomotives, for coal, oil, waste, and other supplies furnished to the French railroads for their engines, for loss and damage, theft or appropriation of American freight, for unloading and handling at ports materials for the French Government, for reconstruction work on French railways in the zone of the advance east of Verdun, for rent of Belgian locomotives leased by America from Belgium and re-leased to French railways, for erection by America of locomotives and cars for French railroad companies and for the French Government, and for various other services and supplies.

For the purpose of handling this problem and reaching a settlement the Commission created a special section headed by Col. F. A. Delano, deputy director general of transportation of the American Expeditionary Forces and formerly president of the Wabash Railroad and a member of the Federal Reserve Board. This section undertook to reduce these claims and counterclaims to concrete form and to state an account between the United States, on the one part, and the French Government and the French railroads, on the other part. Finally, after several months' work on the part of Col. Delano and his staff, an account was stated covering all transportation matters arising between April 6, 1917, and October 1, 1919, which showed:

Due by United States to France:	Francs.
For transportation of all freight and troops-----	430,000,000.00
For miscellaneous charges-----	71,107,336.53
	<hr/> 501,107,336.53
Due by France to United States:	
For miscellaneous charges-----	66,121,946.80
Net balance due by United States to France-----	<hr/> 434,985,389.73

It was with some difficulty that the French Government was persuaded that the settlement should cover not only the particular items which had been the subject of controversy but also any and all claims which might be presented in the future in connection with the American use of French railroads during this period, and that it should cover the use of French railroads by naval forces and Army auxiliary services, such as the Red Cross, Young Men's Christian Association, Knights of Columbus, Salvation Army, and Jewish Welfare Society. The contract as eventually signed finally disposed of every claim or demand of every nature arising between the two

parties which was definitely connected with railroad transportations, including claims for loss or damage to freight and damage to railroad property. In other words, the railroad transportation settlement, dated October 1, 1919,<sup>39</sup> is a full, final, and complete settlement between the United States on the one part, and the Republic of France and the French railroads on the other part, for all claims of any nature arising in connection with transportation by rail in France prior to October 1, 1919, and France agrees to indemnify and save America harmless against any such claims on the part of French railroad companies.

The contract further provides that—

On and after October 1, 1919, and until December 31, 1919, France will furnish or cause the French railroads to furnish transportation over the French railroads for the personnel, animals and freight of said forces at the same rates at which, and on the same terms and conditions under which, the said railroads shall, during the same period, furnish transportation for the personnel, animals and freight of the French Army.

The payment to France of 434,985,389.73 francs settled all bills for carrying and recarrying 2,000,000 men over the longest lines of communication of any of the armies operating in France, including their travel on leave. It settled the bills for carrying the American Army of Occupation over French railroads to and from Germany, and it settled the bills for transporting and handling over 15,000,000 tons of freight. This figure averages only slightly in excess of 200 francs for each man to cover all his travel by rail during his entire stay in France: while the cost per ton per mile for handling the freight is only about one-half of the corresponding cost per ton per mile for the ocean transportation of the same materials.

#### FRENCH PORT DUES SETTLEMENT.

The port facilities of France are built by funds appropriated from the national treasury. The chambers of commerce of the ports, however, assume responsibility for re-paying the treasury its investments, and for administering and maintaining the facilities. Funds for this purpose are raised by means of a charge on each vessel which enters, known as "port dues" (*Taxes de Péage*).

Early in the war, national vessels of France and her Allies were exempt from the tax, but on November 17, 1917, the exemption was cancelled, and all vessels, French national and allied national, as well as privately owned vessels, were charged the regular port dues. The United States never made any current payments of these dues. Before the Commission went to Europe, however, the question of our payment had been taken up by the French ambassador at Washington

<sup>39</sup> See Appendix XXIX for copy of railroad transportation contract, dated Oct. 1, 1919, between France and United States.



who had secured a general promise from our Government that they should be paid. The American Expeditionary Forces had tried to arrive at a temporary settlement, first with each port, then with the French Government, but no settlement had been reached.

The different chambers of commerce had been presenting claims for port dues to the American Expeditionary Forces without any uniformity in the basis of calculating rates; some were very high, and some were very low. We had dealt with the French Government alone, and not with the port authorities, in arranging for our entries into French ports: so, when the Commission took up the case, it pressed the French Government to make a general settlement for port dues and take over the responsibilities of the United States to the separate chambers of commerce. Several methods of calculating a lump-sum payment were suggested. The first was to have the total expenses chargeable to the port-dues fund calculated for each port for the period during which the port had been used by American vessels, the United States paying a portion of that sum equal to the ratio of her shipping to all other shipping at the port. This plan was rejected by the French authorities.

The French proposed that we pay commercial rates, minus certain exemptions for vessels carrying military personnel and munitions. The total charges calculated on this basis would have been approximately 4,825,000 francs. This plan was rejected by us.

The water level had been raised at St. Nazaire, practically for our sole benefit, and at French expense. On the other hand, we had put in docking facilities at numerous ports which had been used by the French and others as well as by our vessels. After a series of negotiations, the French agreed to allow a reduction of 50 per cent from commercial rates at Bordeaux and 40 per cent at all other ports. The fees were calculated on this basis, and finally the French agreed to accept a lump-sum payment of 3,000,000 francs to cover dues for the entries of all vessels of the United States or vessels serving the United States between April 6, 1917, and the complete evacuation of France by American forces. The contract was signed October 1, 1919.<sup>40</sup>

It covered (*a*) port dues or tonnage dues, which are entry charges based on tonnage of ships, tonnage of cargoes, and the number of passengers landed; (*b*) the raising of water level; and (*c*) dredging operations. There were excepted from the terms of the contract such special charges as (*a*) pilot's fees; (*b*) fees for the use of cranes, hangars, lighters, warehouses, railroad trackage, etc.; (*c*) bills for coal, water, light, and other supplies; (*d*) repairs; (*e*) trimming charges; and (*f*) port sanitary inspection and hospital fees.

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<sup>40</sup> See Appendix XXX for copy of contract dated Oct. 1, 1919, and evidencing the general settlement of port dues with France.

We used 15 ports in France. At the 6 principal ones, the percentage of our commerce to that of the total entering after April 6, 1917, was as follows: At St. Nazaire, 60 per cent; at Bordeaux, 27 per cent; at Nantes, 33 per cent; at La Rochelle, 46 per cent; at Brest, 53 per cent; at Marseille, 19 per cent. No current payments had been made.

#### GENERAL SETTLEMENT WITH THE FRENCH GOVERNMENT.

When the Commission arrived in Paris, it found that the American Expeditionary Forces were paying in francs all bills rendered against them by the several departments of the French Government for supplies, equipment and material and for services, while France was settling like bills rendered by the American Expeditionary Forces and the War Department of the United States through credits extended by the Treasury Department of the United States. On April 15, 1919, this practice was discontinued by direction of the Commission, and an agreement was reached with the French Government, in terms of which invoices should be rendered by each government against the other covering all bills, accounts, claims, and demands of every nature whatsoever growing out of or connected with the war, and these invoices should be checked, audited, corrected, or approved, but held in abeyance unpaid until such time as a final statement of account between the two Governments could be prepared; and the obligations of one Government were then to be set off against the obligations of the other.

It was later agreed that this general settlement should embrace all transactions arising between the 6th of April, 1917, and the 20th of August, 1919, between the War Department of the United States and the American Expeditionary Forces, on the one part, and the Republic of France, on the other part, and that all bills, accounts or claims not presented on or before September 6, 1919, should be forever barred. Pursuant to this arrangement, all possible pressure was brought to bear by the Commission through the several services of the Army and otherwise to have prepared and presented, before September 6, proper bills, accounts and invoices for all amounts due from France to us, and the results were gratifying.

Immediately following September 6, a series of conferences were held between representatives of the several services of the American Army and representatives of the corresponding services of the French Army, which were attended and directed by H. T. Klein for the Commission. It was the purpose of these conferences to adjust and reconcile all items of the long account. The differences which could not be adjusted in this way were taken up by the Commission directly with M. Edouard Boulanger, Controleur de l'Ad-

ministration de l'Armée, who was designated by the French Government to act in this capacity. After numerous prolonged conferences, satisfactory adjustments were reached, an account was stated, and two contracts were drawn, evidencing a final and complete settlement.<sup>41</sup>

In the contract of general settlement, dated November 25, 1919, evidencing full, final, and complete settlement of all accounts, initiated, arising, or accruing between the 6th day of April, 1917, and the 20th day of August, 1919, in respect of transactions between the War Department of the United States and the American Expeditionary Forces on the one part and the Republic of France on the other part, with four enumerated exceptions, the releasing clause reads as follows:

The Republic of France does hereby fully, completely, and in all things release and discharge the United States of America, and the United States of America does hereby fully, completely, and in all things release and discharge the Republic of France, in respect of the transactions aforesaid, from all bills, accounts, claims, obligations, demands, rights, causes of action, suits, and controversies, of every nature whatsoever, which either party now has against the other, or which may hereafter arise, whether by reason of or in anywise incident to or growing out of the delivery or contract for the delivery of materials, supplies, or equipment, or for services rendered or contracted to be rendered, or for the occupation and use of all public properties of France and all damages thereto or otherwise, initiated, arising, or accruing during the said war period between the said War Department on the one part and the Republic of France on the other part.

The contract recites that the total of all franc credits due by each party to the other shows a net balance in favor of France of 1,488,619,027.52 francs, which America agrees to pay to France; and the total of all dollar credits due by each party to the other shows a net balance in favor of America of \$177,149,866.86, which France agrees to pay to America. The question of the form of payment and the rate of exchange is now being negotiated between the French representatives in the United States, on the one part, and the representatives of the United States War and Treasury Departments, on the other part.

The contract further provides as follows:

ARTICLE II. Nothing hereinbefore contained shall be held or construed to in anywise annul, alter, modify, or affect the obligations of France held by America

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<sup>41</sup> See Appendix XXXI for (1) copy of the contract dated Nov. 20, 1919, between the War Department of the United States and France evidencing the general settlement of all mutual accounts, claims, and demands arising in Europe, and (2) a copy of the balance sheet used as the basis of the settlement; and Appendix XXXII for (1) the contract of general settlement dated Nov. 25, 1919, which concludes all matters outstanding between the War Department of the United States and France, whether arising in Europe or not, with the exception of four matters specifically enumerated, and (2) a copy of the balance sheet used as the basis of the settlement. The accountants' records relating to the settlement are in the files of the Commission.

or the obligations of either party hereto arising out of the following special contracts or agreements, namely:

(a) The contract between America and France dated August 1, 1919, whereby America sold and France purchased certain properties therein referred to, France agreeing to pay therefor the sum of four hundred million (\$400,000,000) dollars, with interest thereon, at the time and under the terms mentioned therein:

(b) The contract between America and France for the settlement of railroad transportation and other claims, dated October 1, 1919, in which America agrees to pay France the sum of four hundred and thirty-four million nine hundred eighty-five thousand three hundred eighty-nine and 73.190 (frs. 434,985,389.73) francs:

(c) The contract between America and France for the settlement of all port dues and similar claims, dated October 1, 1919, in which America agrees to pay France the sum of three million (frs. 3,000,000) francs:

(d) All contracts, agreements, or arrangements entered into between America and France for or in connection with sales made by America to France in the United States since November 11, 1918.

ARTICLE III. This contract shall not operate as a release or modification of or in anywise affect whatever claim France may now have against America growing out of services rendered by France to America during the war period in connection with the ocean transportation of American troops.

The importance, from every point of view, of this comprehensive and far-reaching settlement between the two Governments can not be too strongly emphasized. Innumerable disputed accounts would almost certainly have arisen during succeeding years and they might have become a source of bitter controversy.

Since the consummation of this general settlement France has presented certain claims aggregating more than \$10,000,000. These were carefully considered by the Commission in conference with the French representatives, and the conclusion was reached by the Commission that they should be declined *and under no circumstances should the general settlement be re-opened*. The accounts are now clear and the books of both parties are balanced.

#### INDEMNIFICATION OF AMERICA BY FRANCE AGAINST ALL CLAIMS OF NATIONALS FOR TORTS, WORKMEN'S COMPENSATION, RENTS, REQUISITIONS, AND DAMAGES.

The general settlement made with France affords America no protection against tort claims of French nationals, claims of nationals based on the workmen's compensation act, or claims of nationals for rents, requisitions, or other damages. These claims were handled in France by the Renting, Requisition, and Claims Service of the American Expeditionary Forces.

When the Commission took up its work it found that the Renting, Requisition, and Claims Service had an admirable organization, functioning under the direction of Col. Blanton Winship, the staff of

officers being composed largely of men drawn from such civilian pursuits as law, architecture, and engineering. The Commission deemed it the part of wisdom not to interfere unduly with this work, which was being well done; but in a general way, through Col. Winship and the members of his staff, to keep in touch with the work, and, by means of informal conferences, to define the general policies to be carried into effect.

This service had been organized in the spring of 1918, pursuant to the act of Congress of April 18, 1918, which conferred upon the War Department of the United States the right to pay indemnities for damages caused by the American forces in Europe to persons and property of friendly nationals, providing such claims "should be payable according to the law or practice governing the military forces of the country in which they occur."

The activities of this service embraced the work of (1) billeting troops and settling claims for damages to billets (*déjats*): (2) renting lands and buildings, and paying the rentals: (3) requisitioning real and personal property: (4) examining and settling all claims for personal injuries and damages to property: (5) handling admiralty claims arising in European waters: and (6) to a limited extent, under the direction of the Commission, investigating and adjusting claims for personal injuries or loss of life, under the French workmen's compensation act, of the laborers employed by the military forces of the United States.

This service paid out 50,108,091 francs for billeting American troops in France, and the accounts show 8 centimes (or, at the rate of 10 francs to the dollar, less than 1 cent) per day per man as the average cost of billeting our troops. This European method of quartering of troops is much cheaper than tenting the men. Under the Act of April 18, 1918, the service has investigated and settled 38,299 claims, in which the total amount claimed was approximately 15,000,000 francs, paying in complete settlement a total of 8,337,719.07 francs. It has investigated and declined 13,446 claims under this same act, where the amount claimed exceeded in all 10,000,000 francs. In the case of 552 of the claims which were disallowed, a liability was admitted by the service, but the claimant refused to accept the amount offered in settlement. This service has paid, for the use and occupation of real estate, 38,421,780 francs, and for damage to real estate, 9,623,309 francs.

The work of the service was carried on in 72 Departments of France, in England, and other places where the American Army operated. The number of its personnel has changed considerably from time to time, being highest in June, 1919, when the staff consisted of 663 officers, 37 field clerks, and 1,065 enlisted men, organized into 52 companies.

The work has been well done, and while the total amount paid has been large, no individual case was settled without the careful investigation of a competent officer. The total overhead expense of maintaining the service was estimated at \$3,000 a day on September 1, 1919, and at 25,000 francs per day on December 1, 1919.

While the Renting, Requisition, and Claims Service made a determined drive to dispose finally of all claims within its jurisdiction by the time the other matters in France should be liquidated, it was found that new claims were being constantly presented, and claims which had been declined because of excessive demands, or otherwise, were being re-opened. The service had, on December 1, 1919, claims against the American Expeditionary Forces for rentals where the rate was fixed, amounting to more than 1,500,000 francs, and claims for damages to leased property estimated at 4,000,000 francs. It had on file unsettled claims for use of and damage to requisitioned property estimated at 1,500,000 francs. There were a few unpaid billeting claims and claims under the workmen's compensation act for over 500,000 francs. Many of the matters which had not yet been concluded at this time were those involving peculiarly difficult or delicate problems where the parties had been unable to reach an amicable and satisfactory adjustment.

In order to avoid the necessity of maintaining the Renting, Requisition, and Claims organization in France for an indefinite period to investigate and adjust pending claims, as well as dormant ones which were constantly being presented, the Commission co-operating with the commanding general of the American Expeditionary Forces, began negotiations with the French Government as early as August, 1919, with a view to inducing it to step into America's shoes and take over these investigations and settlements. It was urged that, since the French Government already had an organization which was engaged throughout France in handling claims of this character and would continue in that work, there would be a very small additional overhead expense connected with their taking up claims in behalf of America. It was made clear that it was not our purpose merely to save money by foisting upon France an expense which should be borne by America; but that, because America would be eliminating a large overhead expense, she could afford to make to France a full and even liberal payment in order to induce France to undertake this work.

After careful study of the problem and numerous conferences by authorized representatives of the French Government appointed for that purpose, on the one hand, and by the Commission, the commanding general, American Expeditionary Forces, and the Director of the Renting, Requisition, and Claims Service, on the other hand, an agreement was reached on December 1, 1919, under the terms of

which the French took over all obligations which our Renting, Requisition, and Claims Service had outstanding on that date.<sup>42</sup>

The contract provides, among other things:

France hereby substitutes itself for America in reference to and guarantees the latter against all claims, demands, obligations, rights, actions, suits, and controversies of every nature arising in France during the said war period which any inhabitant or any person subject to the sovereignty of France or any organization, association, or corporation, commune, or department of France may now have or which may hereafter accrue for damage to, use, or loss of property, or injury to or death of persons, caused by or resulting from acts or omissions of members of the American military forces or any one connected therewith (not including members of the American welfare organizations) during the said war period—that is, between the 6th day of April, 1917, and the 31st day of December, 1919.

America in turn agrees to pay France—

in cash the sum of twelve million (12,000,000) francs (hereinafter designated "minimum payment"). If upon the 31st day of December, 1923, the aggregate of all payments made by France to claimants on account of the claims assumed by it exceed such minimum payment, then in such event America agrees on demand to then pay to France such excess: *Provided, however*, That such additional payment by America shall in no event exceed the sum of six million (6,000,000) francs.

It will be noted that the amount paid by France to claimants only is taken into account and no allowance is made for overhead and administrative expenses.

Attention is called here to the status in France of claims arising out of "acts of war" (faits de guerre). Neither the Renting, Requisition, and Claims Service nor the Commission has ever expressed any intention of honoring such claims, nor has France or her nationals ever pressed any claim against America for damages arising in this way. But it is worthy of note that France, by an act of April 17, 1919, has provided for payments to her own nationals for damages resulting from faits de guerre. This was done for the purpose of equalizing the burdens of the war's destruction in favor of the inhabitants of the devastated regions and is an act of grace on the part of the French Government. The first article of the act reads, "The Republic proclaims the equality and the solidarity of all French citizens with respect to the charges of war." It is also worthy of note that the act of Congress of April 18, 1918, under which the Renting, Requisition, and Claims Service has been settling tort and similar claims provides that "claims under this statute shall not be approved unless they would be payable according to the law or practice governing the military forces of the country in which they occur."

<sup>42</sup> See Appendix XXXIII for copy of the contract between the United States and France, evidencing the assumption by France of all claims of French nationals against America for torts, employer's liability, rents, and requisitions.

Attention is also invited to the fact that the treaty of peace between the Allied and Associated Powers, on the one part, and Germany, on the other part, signed at Versailles, June 28, 1919, reads in part (art. 232) as follows:

The Allied and Associated Governments recognize that the resources of Germany are not adequate, after taking into account permanent diminutions of such resources which will result from other provisions of the present treaty, to make complete restoration for all such losses and damages.

Part VIII, Annex I, paragraph 9, of the treaty provides in substance that Germany shall assume liability for damage in respect of all property wherever situated belonging to any of the Allied or Associated States or their nationals, which has been carried off, seized, injured, or destroyed *by the acts of Germany or her allies* on land, on sea, or from the air.

Much of the destruction in the devastated regions of northern France is, of course, due to acts of war on the part of the armies of France and her allies, as well as to acts on the part of the armies of Germany and her allies. As above noted, France has, by the act of April 17, 1919, assumed, as between it and its nationals, the burden of making reparation because of such destruction without respect to the army responsible for it.

It is conceivable that at some future time a French administration may feel justified in calling upon America for contribution in discharging so much of this burden as may not be covered by German reparation payments, in the ratio which the destruction wrought by the American Army bears to the whole destruction. Attention is invited to the fact that the releasing clause of the contract of December 1, 1919, is clearly broad enough to estop France from ever presenting and pressing such a claim.

#### SUMMARY.

1. The total sales of the War Department property in Europe made by this Commission aggregate \$822,923,225.82. Of this, \$400,000,000 is evidenced by French interest-bearing bonds now on deposit with the United States Treasurer, representing the consideration for the bulk sale in accordance with the contract of August 1, 1919, under which all of the United States War Department property in France then remaining unsold was disposed of.

2. The settlement with France by which America's claims against French railroads were set off against all transportation claims of every nature of France and French railroads against America left a net balance due France by America of 434,985,389.73 francs.

3. All claims of France and her several chambers of commerce for work done at ports for our benefit and for port dues were assumed by France, on America's agreeing to pay 3,000,000 francs.



4. All claims of any person, organization, association, corporation, commune, or department of France against America for damage to, use, or loss of property or injury to or death of persons have been assumed by France, upon the agreement by America to pay France the sum of 12,000,000 francs.

5. The general settlement with France of November 25, 1919, finally and for all time settled all claims and controversies not above or therein enumerated between France and the War Department of the United States, France by the terms of said contract acknowledging an indebtedness to America (in addition to the \$400,000,000, above mentioned) of \$177,149,866.86, and America acknowledging an indebtedness to France of 1,488,619,027.52 francs in addition to the items mentioned in the foregoing paragraphs, numbered 2, 3, and 4.

By reason of these several transactions, America has avoided incurring the enormous overhead expense incident to maintaining large organizations in France for an indefinite period, and has been enabled speedily to withdraw from France all of the representatives of the War Department and of the Army, leaving behind a clear record and carrying with her the confidence and good will of France and of her people.

#### BELGIAN SETTLEMENT.

Copy of the general settlement agreement entered into with Belgium on November 7, 1919, will be found in Appendix XV; reference to this settlement will be found on page 33 of this report.

#### ITALIAN SETTLEMENT.

On August 13, 1919, John H. Ray, representing Chester W. Cuthell, as special representative of the Secretary of War, entered into an agreement with Federico Brofferio, representative of the inter-ministerial committee of the Italian Government for the readjustment of the industries of war, wherein Italy agreed to pay to America the sum of \$5,200,000, for picric acid (not delivered), spruce, fir, and nitrocellulose powder, and America waived claims for trinitrotoluol and cotton linters.<sup>43</sup>

In December, 1919, Harry T. Klein (formerly lieutenant colonel, judge advocate) was sent to Italy as the Commission's representative to negotiate a general settlement of all accounts and claims with Italy arising in Europe. Gen. Albricci, the minister of war, appointed Maj. Gen. Angelo Modena as the Italian representative to consummate this general settlement. After repeated conferences between the Commission's representative and Gen. Modena and the

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<sup>43</sup> See Appendix XXXIV for copy of contract dated Aug. 13, 1919, between Italy and the United States War Department.

representatives of the Italian treasury department, aviation corps, minister of transportation, and the ordnance department, an agreement was finally reached in February, 1920, that the net balance due and unpaid in favor of Italy, amounted to the sum of 29,106,546.75 lire. Copies of the proposed contract were furnished by Gen. Modena to the ministers interested, and Gen. Modena executed this contract on February 18, 1920, under authority conferred upon him at a meeting of the council of ministers.<sup>44</sup>

This contract contains not only a complete release of all claims of the Italian Government against the United States War Department, arising in France, Italy, and regions adjoining Italy, between April 6, 1917, and December 31, 1919, but is also a complete settlement and release of the claims of all Italian nationals for injury to persons or damage to property caused by the acts of the military forces of America, between the dates mentioned and occurring anywhere in France, Italy, and regions adjoining Italy.

The larger part of the net balance due Italy was composed of the aviation account, which consisted of items for aviation material furnished by Italy and services rendered in the training of American aviators. This account was carefully investigated by a board of aviation officers and recommended by them and by Gen. Patrick, in charge of aviation in France.

Another large item of the account as finally allowed was for ordnance material aggregating approximately 6,000,000 lire. Four requisitions had been placed with Italy for ordnance material, artillery ammunition, etc., Austrian and Italian, to be sent to the United States for experimental purposes. After this material was concentrated by Italy for delivery, the prices quoted were found to be unusually high and attempts were made by our ordnance department, through military channels, to secure a reduction in prices or a cancellation of the requisitions in question, without success. The Commission's representative, after several conferences with Gen. Modena and Gen. Cortesa, chief of the Italian ordnance department, succeeded in securing a cancellation of two of these ordnance requisitions without payment of any indemnity, and secured a reduction of 60 per cent on Austrian material actually delivered and 20 per cent on Italian material actually delivered under the two remaining requisitions; resulting in a saving of approximately 6,000,000 lire to the United States on the price of the material accepted, at the then existing rate of exchange. No indemnity whatever was paid for material not accepted.

Another large item of the account was for subsistence stores and material furnished the American troops by Italy, which under an

<sup>44</sup> See Appendix XXXV for copy of contract of general settlement dated Feb. 18, 1920, between the United States War Department and the Kingdom of Italy.

agreement of the chief of the American Military Mission in Italy made in 1918, were to be returned in kind. Italy had repeatedly refused to accept a cash settlement of this account. However, after several consultations with Gen. Modena and his advisers, he finally agreed to accept a cash settlement of this subsistence account on substantially the price basis of what it would cost the United States to lay these articles down in Italy. This account approximated 5,000,000 lire.

The balance of the Italian account consisted of items for miscellaneous material supplied to our troops, railroad transportation for troops, and supplies, and the sum paid Italy for indemnifying America against the claims of Italian nationals. There were a small number of R. R. & C. claims remaining undisposed of, and a number of cases which we were unable to settle directly with the claimants on account of disagreement as to liability or the amount which should be paid. Italy assumed all these outstanding claims for 180,000 lire (less than \$15,000, at current rate of exchange when the contract was signed), which is regarded as an extremely satisfactory settlement in the interest of the United States War Department.

The American claims against Italy, amounting to 4,669,974.71 lire, were allowed in their entirety by Italy.

The only Italian item arising in Europe left unsettled by this contract is the American claim against Italy for copper ingots, shipped to Italy for the electrification of the Modane Railroad, amounting approximately to \$207,975. This claim was held in abeyance pending a decision of the Inter-allied Reparations Commission, to whom it was referred on the suggestion of Gen. Bliss for decision, on the question of the distribution of the expenses for such electrification and what countries should pay for such improvement.

#### LUXEMBOURG CLAIMS.

Incidental to the advance and withdrawal of our Army of Occupation, a large number of claims arose in the Grand Duchy of Luxembourg. Many of these were presented by nationals and were disposed of by the Renting, Requisition, and Claims Service. Others, presented by the Luxembourg government, cover the use, occupation, and damage to buildings, highways, and other public property. The railroads of Luxembourg presented claims covering services rendered in the transportation of our troops. All of these claims (not disposed of by the Renting, Requisition, and Claims Service) aggregate approximately 3,000,000 francs.

Certain German war material taken by our Army of Occupation in Luxembourg, in the course of its advance, has already been dis-

posed of. This Commission has asserted, in behalf of the United States, ownership of German-built railroad tracks located in Luxembourg and reduced to possession by our Army of Occupation in the course of its advance. This Commission has proposed to the Luxembourg authorities that the United States will sell and deliver to it all of its interest in these railroad tracks, in full satisfaction of all claims which the Grand Duchy of Luxembourg may have against the United States, of every nature whatsoever, and the undertaking on the part of the Grand Duchy to indemnify and save harmless the United States against all claims which the railroads and nationals of Luxembourg may have against the United States. It is believed that the settlement will be reached on the basis proposed.

### CONCLUSION.

Some conception of the Commission's task can be formed from (*a*) the statement of amounts involved in the settlements negotiated and actually consummated by and under the direction of the Commission of mutual accounts and claims between the United States War Department, on the one part, and the Allied Governments and their nationals, on the other part (which settlements were, where possible, consummated through set-offs without cash payments), and (*b*) the amount of sales of property made by the Commission, as follows:

#### Amounts involved in settlements:<sup>45</sup>

Settlements with France .....	\$748,392,004.82
Settlements with Great Britain .....	112,996,912.16
Settlements with Belgium .....	2,279,827.12
Settlements with Italy .....	12,620,173.75
Settlements with individuals, associations, and others .....	17,427,175.41

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Total amount involved in settlements -- \$93,716,093.26

#### Amounts of sales:<sup>46</sup>

Bulk sale to France .....	\$400,000,000.00
Other sales, stated in dollars .....	377,905,193.23
Other sales, stated in francs and converted --	45,018,032.59

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Total amount of all sales .....

The Commission was created February 11, 1919. The two remaining commissioners are tendering their resignations on this the 31st day of May, 1920. The total expenses incurred and disbursements

<sup>45</sup> These figures are approximate but are understated, inasmuch as many claims withdrawn, reduced, or disallowed are not included.

<sup>46</sup> All conversions into dollars, for the purpose of this statement, have been made at the normal rate of exchange.

made by the Commission aggregate \$222,883.17.<sup>47</sup> These expenditures are a trifle less than thirteen one-hundred-thousandths (0.00013) of the amounts involved in settlements made and sales negotiated by the Commission.

Respectfully submitted,

EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—*

*War Department.*

WASHINGTON, D. C., *May 31, 1920.*

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<sup>47</sup> See Appendix XXXVI for statement of expenses and disbursements of the United States Liquidation Commission—War Department from date of organization, February 11, 1919, to May 31, 1920, inclusive.



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APPENDIX  
TO THE  
REPORT OF THE UNITED STATES  
LIQUIDATION COMMISSION  
WAR DEPARTMENT

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EDWIN B. PARKER, Chairman





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## APPENDIXES.

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### APPENDIX I.

ACT OF CONGRESS, APPROVED MAY 10, 1918.

An act authorizing the President during the existing emergency to sell supplies, materials, equipment, or other property, heretofore or hereafter purchased, acquired, or manufactured by the United States, in connection with, or incidental to, the prosecution of the war.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That during the existing emergency the President be, and he hereby is, authorized, in his discretion, and upon such terms as he shall deem expedient, through the head of any executive department, to sell any supplies, materials, equipment, or other property heretofore or hereafter purchased, acquired, or manufactured by the United States in connection with, or incidental to, the prosecution of the war, to any person, partnership, association, or corporation, or to any foreign State or Government engaged in war against any Government with which the United States is at war; and any moneys received by the United States as the proceeds of any such sale shall be covered into the Treasury of the United States and a full report of the same shall be forthwith submitted to Congress.

EXTRACT FROM ACT OF CONGRESS APPROVED JULY 9, 1918.

Sale of war supplies: That the President be, and he hereby is, authorized, through the head of any executive department, to sell, upon such terms as the head of such department shall deem expedient, to any person, partnership, association, corporation, or any other department of the Government, or to any foreign State or Government, engaged in war against any Government with which the United States is at war, any war supplies, material and equipment, and any by-products thereof, and any building, plant, or factory, acquired since April sixth, nineteen hundred and seventeen, including the lands upon which the plant or factory may be situated, for the production of such war supplies, materials, and equipment which, during the present emergency, may have or may hereafter be purchased, acquired, or manufactured by the United States: *Provided further,* That sales of guns and ammunition made under the authority contained in this or any other act shall be limited to sales to other departments of the Government and to foreign States or Governments engaged in war against any Government with which the United States is at war, and to members of the National Rifle Association and of other recognized associations organized in the United States for the encouragement of small-arms target practice: *Provided further,* That a detailed report shall be made to Congress on the first day of each regular session of the sales of any war supplies, material, lands, factories, or buildings, and equipment made under the authority contained in this or any other Act, except sales made to any foreign State or Government engaged in war against any Government with which the United

States is at war, showing the character of the articles sold, to whom sold, the price received therefor, and the purpose for which sold: *Provided*, That any moneys received by the United States as the proceeds of any such sale shall be deposited to the credit of that appropriation out of which was paid the cost to the Government of the property thus sold, and the same shall immediately become available for the purposes named in the original appropriation.

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## APPENDIX II.

### SECTION 3 OF THE ACT OF CONGRESS APPROVED MARCH 2, 1919.

That the Secretary of War, through such agency as he may designate or establish is empowered, upon such terms as he or it may determine to be in the interest of the United States, to make equitable and fair adjustments and agreements, upon the termination or in settlement or readjustment of agreements or arrangements entered into with any foreign Government or Governments or nationals thereof, prior to November twelfth, nineteen hundred and eighteen, for the furnishing to the American Expeditionary Forces or otherwise, for war purposes, of supplies, materials, facilities, services or the use of property, or for the furnishing of any thereof by the United States to any foreign Government or Governments whether or not such agreements or arrangements have been entered into in accordance with applicable statutory provisions: and the other provisions of this act shall not be applicable to such adjustments.

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## APPENDIX III.

GENERAL ORDERS, }  
No. 24. }

WAR DEPARTMENT,  
*Washington, February 11, 1919.*

### UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT.

1. The term "war" as used herein shall be taken to mean the present war between the United States of America and the nations associated with it on the one part and the Imperial German Government and its allies on the other part. The term "United States" as used herein shall be taken to mean the United States of America.

2. In order to facilitate the speedy disposition of all claims of every character between the United States on the one part and the nations associated with it in the war and their nationals on the other part, growing out of or in anywise connected with the war; and in order to promptly dispose of all property or interest in property of whatsoever kind or nature belonging to the United States, acquired, constructed or manufactured in connection with or incidental to the war and now located beyond its territorial limits; and in order that the interests of the United States and its said associates shall be mutually subserved; by direction of the President there is hereby created and constituted a "United States Liquidation Commission—War Department," as the central agency to supervise and direct the disposition of all such claims and property, clothed with the broad powers, charged with the duties and constituted as hereinafter prescribed, to be exercised in cooperation with the commander in chief of the American Expeditionary Forces.

3. The said Commission shall possess the following powers:

(a) To determine, adjust, modify, compromise, and settle all contracts, obligations, commitments, claims, or demands of every nature whatsoever within the jurisdiction of the War Department (1) between the United States and any foreign State or Government or the nationals thereof; or (2) asserted by the United States against any foreign State or Government or the nationals thereof; or (3) asserted by any foreign State or Government or the nationals thereof against the United States; provided such contracts, obligations, commitments, claims, or demands arise out of, are connected with or incident to the participation of the United States in the war.

(b) To sell or otherwise dispose of, upon such terms as it shall determine, any property of whatsoever kind or nature acquired, constructed or manufactured by the United States in connection with, or incidental to, the participation of the United States in the war, and now located beyond the territorial limits of the United States and its possessions.

(c) To employ and fix the compensation of such secretaries, counsel, agents, factors, and employees as it shall deem necessary for the proper exercise of its powers and the performance of its duties.

(d) To adopt rules and regulations governing its procedure and the conduct of its business.

(e) To establish and maintain offices at such place or places as it may deem expedient and necessary for the proper performance of its duties.

(f) To exercise all other powers necessary or incidental to the proper performance of its duties as herein defined.

4. Payments of money to the United States made pursuant to the Commission's action shall be transferred to appropriate officials of the War Department, or of the American Expeditionary Forces, by whom the same shall be covered into the Treasury or deposited to the credit of appropriations as required by law or regulation.

5. The Commission shall cause to be kept a full and complete record of all its proceedings, a copy of which shall be transmitted to the Secretary of War each month, together with such other reports as the Secretary of War may from time to time prescribe or as may be prescribed by applicable provisions of statutes.

6. The act of the majority of the members of the Commission, when in session as such, shall be deemed to be the act of the Commission, or, when not in session, if such action is assented to in writing by a majority of the members of the Commission, it shall be deemed to be the act of the Commission.

7. The powers hereby conferred and the duties hereby prescribed may be exercised and performed by the Commission either directly or through existing or hereafter created agencies of the American Expeditionary Forces or of the War Department of the United States or through agencies created by the Commission. All existing agencies performing any of the duties and exercising any of the powers herein dealt with shall, unless otherwise directed by the Commission, continue to function as heretofore. While the Commission shall have complete and exclusive jurisdiction and control over the activities of all such agencies with respect to the subject matter hereof, it is not required to function directly in relation to such matters, activities, and transactions as in its opinion should be dealt with by such agencies.

8. The American Expeditionary Forces and all other agencies of the War Department will furnish the Commission such reports and information as it may request, and upon its request furnish it with such officers, personnel, transportation and other facilities as it may require.

9. The findings and decisions of the Commission shall be final and conclusive as to all matters within its jurisdiction.

10. Until further ordered the Commission shall be composed of four members, as follows: Edwin B. Parker (chairman), Brig. Gen. Charles G. Dawes, H. H. Johnson, Henry F. Hollis. Additions may be made or vacancies filled by appointment by the Secretary of War.

By order of the Secretary of War:

PEYTON C. MARCH,  
*General, Chief of Staff.*

Official:

P. C. HARRIS,  
*The Adjutant General.*

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## APPENDIX IV.

GENERAL ORDERS, }  
No. 40. }

WAR DEPARTMENT,  
Washington, March 19, 1919.

### OPERATION OF UNITED STATES LIQUIDATION COMMISSION AND WAR DEPARTMENT CLAIMS BOARD.

General Order No. 33, War Department, 1919, is rescinded and the following substituted therefor:

(1) The United States Liquidation Commission—War Department constituted by General Order No. 24, War Department, 1919, is hereby designated and established as the agency through which shall be exercised the powers conferred upon the Secretary of War by section 3 of the act entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," approved March 2, 1919, excepting powers with relation to agreements and arrangements upon the termination or in settlement of or readjustment of agreements or arrangements to be performed in the Dominion of Canada and entered into with nationals of any Government foreign to the United States of America. Section 3 of the act reads as follows: "The Secretary of War, through such agency as he may designate or establish, is empowered, upon such terms as he or it may determine to be in the interest of the United States, to make equitable and fair adjustments and agreements, upon the termination or in settlement of or readjustment of agreements, or arrangements entered into with any foreign Government or Governments or nationals thereof, prior to November 12, 1918, for the furnishing to the American Expeditionary Forces, or otherwise, for war purposes, of supplies, materials, facilities, service or the use of property, or for the furnishing of any thereof by the United States to any foreign Government or Governments, whether or not such agreement or arrangement has been entered into in accordance with applicable statutory provisions; and the other provisions of this act shall not be applicable to such adjustments."

(2) The Imperial Munitions Board, constituted and appointed by authority of the British Ministry of Munitions, acting in conjunction with two officers of the United States Army, who shall be appointed and known as Canadian contract assessors, is hereby authorized and empowered to exercise, and is designated and established as the agency through which shall be exercised, in the name of the Secretary of War and by his authority, the powers conferred upon the Secretary of War by the act of Congress entitled "An act to provide relief in cases of contracts connected with the prosecution of the

war, and for other purposes," approved March 2, 1919, in so far as the exercise of such powers relates to agreements, express or implied, and arrangements, which were entered into through the agency of the Imperial Munitions Board and were to be performed within the Dominion of Canada. All agreements, adjustments, and awards which shall be made under the authority conferred by this section shall be made in writing, signed in the name of said Imperial Munitions Board by a member or members thereof designated by said board and by one of the aforesaid Canadian contract assessors.

(3) The War Department Claims Board, constituted by the War Department Circular No. 26, dated January 20, 1919, is authorized and directed to exercise, and is hereby designated and established as the agency through which shall be exercised, in the name of the Secretary of War and by his authority, all powers and duties conferred upon the Secretary of War by the act of Congress entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," approved March 2, 1919, except in so far as the right to exercise the powers conferred under said act has been otherwise authorized and delegated under paragraphs 1 and 2 of this order the said duties and powers may be performed and exercised by the War Department Claims Board or by any regular or special member or members thereof who may, from time to time, act under the authority and direction of the War Department Claims Board. For the expeditious performance of its duties, the War Department Claims Board is authorized to make such use as it may find desirable, of the Board of Contracts and Adjustments, the War Department Board of Appraisers, and any other agency or agencies of the War Department.

(4) Lieut. Col. H. G. Albee, Engineers, and Maj. Sidney R. Underwood, Ordnance, are hereby designated and appointed Canadian contract assessors and authorized and instructed to exercise, in conjunction with the Imperial Munitions Board, the powers and duties provided for in paragraph 2 hereof.

By order of the Secretary of War:

PEYTON C. MARCIL,  
*General, Chief of Staff.*

Official:

P. C. HARRIS,  
*The Adjutant General.*

## APPENDIX V.

GENERAL ORDERS, {	AMERICAN EXPEDITIONARY FORCES,
No. 18. }	HEADQUARTERS, SERVICES OF SUPPLY,
	<i>France, April 1, 1919.</i>

1. Under the provisions of G. O. 24, W. D., c. s., and G. O. No. 40, c. s., supplementary thereto, the United States Liquidation Commission—War Department (hereinafter designated "Commission")—is designated as the central agency to supervise and direct the disposition of—

(a) All claims of every character between the United States on the one part and any foreign State or Government and their nationals on the other part, growing out of or in anywise connected with the war; and

(b) All surplus property or interest in such property of whatsoever kind or nature belonging to the United States, acquired, constructed, or manufactured in connection with, or incidental to, the war and now located beyond its territorial limits.

It is not the purpose of the Commission to create an organization to supersede existing agencies of the A. E. F., which are discharging in whole or in part the duties falling within the jurisdiction of the Commission, but rather to supervise and direct such activities of existing agencies, and act through and in cooperation with them.

2. The following method of procedure has been adopted by the Commission and the commanding general, S. O. S., and is published for the guidance of all concerned:

(A) The Commission will, from time to time, establish and define the policies to be pursued in the adjustment of claims and in the disposition of property, and acquaint the interested agencies of the S. O. S. therewith. It will negotiate directly or through such agencies as it may from time to time designate, with ministers or other agencies of other Governments, authorized to treat with respect to the settlement of claims or the purchase or sale of property. It will, from time to time, instruct the several agencies of the S. O. S. with respect to prices, terms of payment, and generally as to the sales and disposition of property. It will prescribe rules to be pursued in the preparation and settlement of claims within the jurisdiction, and will, from time to time, instruct the several agencies of the S. O. S. with respect to the settlement of such claims and the sales of property by them.

(B) The officers of the various services of the S. O. S. will collect complete data with respect to all claims which fall within the jurisdiction of the Commission and in which such services are concerned and will (unless expressly instructed to the contrary by the Commission) tentatively negotiate a settlement of such claims, subject to the approval of the Commission; submitting such claims, when fully developed, with a recommendation for settlement and the reasons therefor, through the finance officer to the Commission, for action. Acting under instructions of the Commission, the officers of the various services of the S. O. S. will disburse the necessary funds in the payment of claims approved by the Commission, under the rules and regulations of the Treasury Department and of their respective departments.

(C) The finance officer, under the direction of the Commission, will co-ordinate the activities of the several services in the collection of complete data pertaining to claims within the jurisdiction of the Commission, and will present the data in such form as may be prescribed by the Commission, for its action.

(D) The officers of the various services will receive, store, and care for all property of the United States. As soon as any such property is, in their opinion, available for sale they will so report to the commanding general, S. O. S., and, when such report is approved by him, will notify the general sales agent of its availability for sale, giving him such information with regard thereto as he may require. They will furnish necessary information to prospective buyers and exhibit to them the property for sale to the end that it may be advantageously disposed of. They will, under the directions of the Commission and of the general sales agent, negotiate sales, reporting same to the general sales agent. They will prepare for delivery or shipment the property sold or otherwise disposed of, and deliver it to the purchaser or to a transportation agency in accordance with the terms of the sale. They will, under the directions of the general sales agent, locate markets for sales. They will receive moneys to be paid for the property and will deposit and account for same according to the rules of the Treasury Department and of their respective departments. They will account for property disposed of in accordance with the established rules of their respective departments.



(E) In the absence of express directions by the Commission to the contrary, all sales will be made by or under the direction of the general sales agent of the S. O. S., who will have agents at various places in Europe, and will locate and develop markets for all classes of property that may be offered for sale. Reports with reference to all classes of property of the A. E. F., available for sale, will be made to the general sales agent and by him communicated to the Commission. He will properly advertise all sales and take measures to prevent competitive selling by the several services. He will, under the general supervision of the Commission, conduct preliminary negotiations with probable buyers, giving them such information as they may require to enable them to submit offers of purchase; and will consummate sales under the general direction of the Commission.

(F) Communications between the Commission and the various services of the S. O. S. shall either pass through the appropriate representative of the commanding general, S. O. S. or, if the communication is direct, such representative shall be advised thereof. The appropriate representative in all matters of claims shall be the finance officer; in all matters of sale, he shall be the general sales agent. The finance officer and the general sales agent shall circulate among all interested departments or agencies of the S. O. S. for their guidance, all important rulings, decisions, or statements of policy of the Commission, having a general application.

(G) This order does not affect the payment of debts for services performed or property delivered, nor, until further orders of the Commission, shall anything herein contained affect the powers and functions of the R. R. & C. Service, which shall continue in effect under existing orders or under such subsequent orders as may hereafter be issued by the commander-in-chief or by the commanding general, S. O. S.

(H) Any power or authority herein assigned to the general sales agent, the finance officer, or the chiefs of services, or to their subordinates, may be extended, withdrawn or modified at will by the Commission, or exercised directly by it, when, in its judgment, such action is desirable. The powers and authority as regards sales, granted herein to the Services or their representatives, may be exercised by the general sales agent, when, in his opinion, the best interests of the Government will be served thereby.

3. All orders or parts of orders in conflict with the above instructions are hereby revoked.

4. Section 1, General Orders, No. 59, S. O. S., A. E. F. (1918), is revoked and the Advisory Liquidation Board therein provided for is dissolved.

By command of Maj. Gen. Harbord:

W. D. CONNOR, *Chief of Staff.*

Official:

L. H. BASH, *Adjutant General.*

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## APPENDIX VI.

### THE CATEGORIES.

#### I. Clothing and textiles:

- A. Cotton and woolen materials, raw and fabricated.
- B. Clothing, caps, boots, wearing apparel, and insignia.
- C. Blankets, mattresses, pillows, and bedding.
- D. Carpets, rugs, linoleum, and draperies.
- E. Tents, tarpaulins, and tent accessories.
- F. Jute, bagging, sacks, and burlap.

## II. Subsistence supplies:

- A. Flour.
- B. Fresh, smoked, and cured meats.
- C. Fresh fruits and vegetables.
- D. Canned goods.
- E. Other food supplies.
- F. Tobacco, cigarettes, cigars, and smokers' articles.
- G. Hay, feed, and other forage.
- H. Coal and coke.
- I. Other fuel.

## III. Kitchen utensils and household furnishings:

- A. Kitchen and dining-room furniture.
- B. Cooking stoves and appliances.
- C. Heating stoves and appliances.
- D. Household and cooking utensils.
- E. Tableware and cutlery.
- F. Miscellaneous house and camp articles and supplies.
- G. Beds, cots, and other furniture.

## IV. Machinery, metals, tools, and hardware:

- A. Steam engines, boilers, and parts.
- B. Air-compressor parts.
- C. Refrigerating machinery and supplies.
- D. Machines, tools, and other power machinery and parts.
- E. Other shop and foundry equipment.
- F. Gas and gasoline engines and parts.
- G. Construction contractors' machinery and plants.
- I. Metals, raw and fabricated.
- L. Pipe and pipe fittings.
- M. Wire rope and guy wire.
- N. Small tools and machines.
- O. Nails, bolts, screws, rivets, nuts, and washers.
- P. Locks, hinges, and other building hardware.
- Q. Lamps and lanterns and parts.
- R. Picks and shovels.
- S. Blacksmith tools.
- T. Belting and packing.
- U. Hemp, rope, cordage, and twine.
- V. Tanks, cans, and buckets (metal).
- W. Safes and steel cabinets.
- X. Pumps and water-supply apparatus.
- Y. Miscellaneous materials and supplies.
- Z. Horseshoes and nails.
- AA. Agricultural implements, machinery, and appliances.
- BB. Hose, nozzles, couplings, and fastenings.

## V. Building materials:

- A. Cement.
- B. Lime.
- C. Sand, gravel, and crushed rock.
- D. Brick and tile.
- E. Roofing materials.
- F. Window glass.
- G. Other materials.

## VI. Lumber and other forest products:

- A. Rough and milled lumber.
- B. Ties.
- D. Piling.
- E. Telephone and telegraph poles.
- F. Bridge timbers.
- G. Stake and fence posts.
- H. Trench framing timbers.
- J. Brackets and cross arms.
- K. Other wood products.

## VII. Railway and dock equipment:

- A. Locomotive and cars.
- B. Locomotive cranes.
- C. Work equipment (miscellaneous).
- D. Rail.
- E. Frogs and switches.
- F. Other track material.
- G. Hoisting and conveying machinery.
- H. Other railroad and dock equipment.
- J. Floating equipment.

## VIII. Transport equipment:

- A. Automobiles and motor trucks.
- B. Tires and tubes.
- C. Automobile parts.
- D. Automobile accessories and tools.
- E. Bicycles and motor cycles and supplies.
- F. Horses and mules.
- G. Harness and saddlery.
- H. Wagons, carts and trailers.
- J. Wagon accessories and miscellaneous supplies.

## IX. Hospital and toilet supplies and chemicals:

- A. Drugs and medicines (Medical Department).
- B. Surgical instruments (Medical Department).
- C. Hospital apparatus and supplies (Medical Department).
- D. Chemicals and disinfectants.
- E. Soaps and other toilet articles and preparations.
- F. Ordnance and Gas Service chemicals.

## X. Photographic, measuring, and musical instruments:

- A. Cameras.
- B. X-rays and supplies.
- E. Photographic material and supplies.
- F. Surveying instruments and compasses.
- H. Field glasses and telescopes.
- I. Drafting instruments.
- J. Clocks and watches.
- K. Other instruments and supplies.
- L. Musical instruments.

## XI. Electrical equipment and supplies.

- A. Dynamos.
- B. Generator sets
- C. Motors.
- D. Transformers.

## XI. Electrical equipment and supplies—Continued.

- E. Interior wiring supplies.
- F. Switchboards and accessories.
- G. Line materials and supplies.
- H. Copper and iron wire and cable.
- I. Batteries, bells, buzzers, and push buttons.
- J. Insulating materials.
- K. Telephone and telegraph equipment and accessories.
- L. Electric lamps.
- M. Other apparatus and equipments.
- N. Wireless apparatus and equipments.

## XII. Oils, gasoline, and paints:

- A. Gasoline.
- B. Other fuel oils.
- C. Lubricating oils.
- D. Lubricating greases.
- E. Linseed oil.
- F. Turpentine.
- G. Color materials and mixed paints.
- H. White and red lead.
- K. Varnishes and shellacs.
- L. Painters' tools and supplies.

## XIII. Ordnance and gas equipment and supplies:

- A. Guns and accessories.
- B. Gun carriages and caissons.
- C. Rifles and pistols.
- D. Ammunition.
- E. Target supplies.
- F. Gas masks and other protecting devices.
- G. Flame throwers, hand grenades, and gas bombs.
- H. Other equipment and supplies.

## XIV. Blasting apparatus and supplies:

- A. Dynamite.
- B. Powder.
- C. Blasting appliances and accessories.

## XV. Printing plant and supplies:

- A. Printing presses and appliances.
- B. Paper cutters, rulers, and folders.
- C. Printers' inks.
- D. Type.
- E. Printing paper.
- F. Other printing-office supplies.

## XVI. Office fixtures, stationery, and supplies:

- A. Office furniture and fixtures.
- B. Pencils, pens, and ink.
- C. Paper and envelopes.
- D. Carbon paper.
- E. Typewriters and supplies.
- F. Drafting-room material.
- G. Blackboard and chalk.
- H. Miscellaneous supplies.
- I. Blank and ruled books.
- J. Calculating and numbering machines.
- K. Duplicating machines and supplies.
- L. Rubber stamps and pads.

**XVII. Hides and leather :**

- A. Hides.
- B. Leather.
- C. Leather articles.

**XVIII. Air Service apparatus and equipment :**

- A. Aeroplanes and appliances.
- B. Balloons and appliances.
- C. Hangars and sheds.
- D. Aeronautical textbooks and publications.
- E. Other apparatus and supplies.

## APPENDIX VII.

CHART A.—CATEGORICAL SUMMARY OF INVENTORIES OF AMERICAN EXCEPTIONARY FORCES PROPERTY IN FRANCE, SHOWING COST AND PRESENT VALUE, AS ESTIMATED BY UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT, JULY 8, 1919.

A	B	C	D	E	F <sup>1</sup>	G	H <sup>1</sup>
Category.	Inventory cost.	Percentage of total.	Description.	Ratio of estimated present value to cost.	Estimated present value.	Percentage of total.	Estimated value of A. E. F. property available for sale to France.
1	\$323,721,869.50	18.6	Clothing and textiles.....	<i>Per cent.</i>	\$243,775,246.27	23.14	\$137,579,876.85
2	259,168,998.86	14.9	Subsistence supplies.....	75.3	217,498,098.85	22.43	135,459,935.37
3	14,861,948.74	.9	Kitchen utensils and household furniture.....	84.0	4,958,692.75	.51	5,267,952.52
4	92,837,183.32	5.3	Machinery, metals, tools, and hardware.....	33.0	53,499,781.35	5.53	47,510,597.34
5	14,128,873.77	.8	Building materials.....	57.5	8,278,131.27	.66	6,419,181.27
6	8,078,978.01	.5	Lumber and other forest products.....	45.0	4,373,446.00	.44	4,243,190.00
7	186,270,430.36	10.7	Railway and dock equipment.....	53.0	119,473,982.93	12.32	113,632,503.93
8	352,300,196.89	20.3	Transport equipment.....	64.0	147,680,933.92	15.23	134,678,060.92
9	46,594,226.08	2.7	Hospital and toilet supplies and chemicals.....	42.0	31,319,474.09	3.23	24,606,377.43
10	4,318,450.32	.2	Photographic, measuring, and musical instruments.....	67.5	2,092,546.76	.22	2,027,374.76
11	9,404,032.91	.5	Electrical equipment and supplies.....	48.5	5,454,256.06	.66	4,809,018.39
12	14,479,538.08	.8	Oils, gasoline, and paints.....	87.4	12,639,897.55	1.3	13,305,029.30
13	76,134,542.86	4.4	Ordnance and gas equipment and supplies.....	5.1	3,073,951.75	.4	3,785,978.97
14	600,107.02	.04	Blasting apparatus and supplies.....	11.5	68,850.23	.007	68,850.23
15	39,546.17	.005	Printing plant and supplies.....	35.0	35,234.02	.003	31,364.02
16	15,240,040.27	.9	Office fixtures, stationery, and supplies.....	58.5	8,923,684.33	.92	8,895,257.43
17	4,746,658.55	.3	Hides and leather.....	99.0	4,700,803.30	.49	5,075,269.30
18	11,650,875.55	.6	Air Service apparatus and equipment.....	38.0	2,355,855.39	.24	2,335,865.39
	180,980,637.65	10.3	Other materials, not otherwise specified.....	55.0	8,596,369.28	.69	5,921,119.28
	180,980,637.65	10.3	Permanent installations to May 1, 1919.....	21.8	39,256,500.00	4.05	39,256,500.00
	4,882,036.51	.3	Recent installations, advance section.....	19.8	967,506.00	.1	967,500.00
	4,120,361.01	.007	German signal corps dumps.....	100.0	120,500.00	.01	120,500.00
	13,091,473.77	.8	German and American dumps, advance section.....	17.2	2,500,000.00	.23	2,250,000.00
	4,105,726.00	.2	Signal Corps installations.....	61.0	2,500,000.00	.25	2,500,000.00
	6,249,826.90	.4	Laboratory apparatus.....	72.0	4,500,000.00	.46	4,500,000.00
	145,000.00	.008	Aviation equipment.....	65.5	95,000.00	.01	95,000.00
	590,968.00	.04	Avire ear neckling plant.....	50.0	295,484.00	.03	295,484.00
	88,000,000.00	5.0	Estimated value of materials and supplies in installations not embraced in categorical inventories.....	50.0	44,000,000.00	4.53	44,000,000.00
	1,739,189,302.65	100.0	Total.....	55.7	969,585,230.10	100.00	749,641,066.70
			Deduct 25 per cent to cover cost of merchandising, labor, storage, insurance, interest, and overhead expense.....				187,410,266.68
							562,230,800.02

<sup>1</sup> The difference between column F and column H is represented by a series of differences in quantities. These reductions are shown, by services, on chart B, Appendix VIII. They were calculated also by categories. They represent sales and other dispositions since the inventories were taken.

## APPENDIX VIII.

CHART B.—CATEGORICAL RECAPITULATION OF AMERICAN EXPEDITIONARY FORCE PROPERTY IN FRANCE.  
ESTIMATED VALUES ON PERCENTAGE BASES PROVIDED BY UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT, ON  
INVENTORIES RECEIVED TO JULY 8, 1919.

Category or description.	Air Service.	Army Transport Service.	Chemical Warfare Service.	Engineer depots.	Engineer sections.	Forestry.	Medical Corps.
I.....	\$970.50	\$66,603.76	\$7,657.82	\$1,253,412.13	\$33,666.60	\$209.00	\$6,407,372.41
II.....	.....	166,231.53	.....	46,253.72	.....	103.80	124,753.04
III.....	1,010.51	3,730.46	.....	57,774.13	1,588.80	.....	877,411.55
IV.....	898,732.88	2,181,447.66	3,980.93	18,793,408.22	2,439,770.02	535,281.60	113,957.00
V.....	924.00	12,757.01	.....	3,942,345.73	376,994.09	30,380.05	204.43
VI.....	25,005.75	67,523.45	.....	375,021.18	(2)	3,666,380.15	580.75
VII.....	10,953.69	100,000,000.00	.....	15,417,884.76	1,760,571.30	2,242,353.33	.....
VIII.....	6,148.65	62,638.96	7,671.52	1,062,785.20	206,016.89	359,767.49	84,436.53
IX.....	1,951.57	12,056.60	1,669.24	147,026.00	18,119.85	1,622.38	14,493,016.94
X.....	277,871.40	4,198.33	154.00	754,136.66	10,697.83	3,817.20	552.95
XI.....	52,156.81	90,670.08	.55	3,098,466.62	406,321.41	81,888.82	13,047.29
XII.....	2,203.00	34,287.91	282.67	755,429.02	7,313.96	2,434.99	15,891.03
XIII.....	1,793.00	6.83	.....	89,192.20	.....	.....	.....
XIV.....	.....	28.00	9,624.95	34,169.98	3,785.06	1,242.24	.....
XV.....	279.95	.....	.....	34,937.05	.....	3.50	.....
XVI.....	35,184.66	30,654.86	6.60	502,743.77	2,877.78	27,965.35	.....
XVII.....	.....	.....	.....	213.80	42.40	.....	.....
XVIII.....	2,355,865.39	.....	.....	.....	.....	.....	5,617,184.40
XIX.....	.....	.....	.....	978,184.88	.....	.....	.....
Permanent installations to May 1, 1919.....	.....	.....	.....	.....	.....	.....	.....
Recent installations, advance section.....	.....	.....	.....	.....	.....	.....	.....
German signal corps dumps.....	.....	.....	.....	.....	.....	.....	.....
German and American dumps, advance section.....	.....	.....	.....	.....	.....	.....	.....
Light railways.....	.....	.....	.....	.....	.....	.....	.....
Signal Corps installations.....	.....	.....	.....	.....	.....	.....	.....
Laboratory apparatus.....	.....	.....	.....	.....	.....	.....	.....
A tyre car erecting shop (cost \$500,968, valued at 50 per cent).....	.....	.....	.....	.....	.....	.....	.....
Estimated value of materials and supplies in installations not embraced in categorical inventories.....	.....	.....	.....	.....	.....	.....	.....
Net changes in inventories on account of sales, consumption (past and future) returned to United States, and receipts since inventories were compiled.....	3,591,085.76	102,732,835.66	31,048.28	49,363,389.05	5,294,520.24	6,954,507.45	27,748,428.82
Net total.....	20,000.00	1,599,244.51	.....	5,860,450.00	.....	.....	6,916,615.26
Deduct 25 per cent to cover cost of merchandising, labor, storage, insurance, interest, and overhead expense.....	3,571,085.76	101,173,591.15	31,048.28	43,502,939.05	5,294,520.24	6,954,507.45	20,831,813.56



## APPENDIX VIII—Continued.

Category or description.	Motor Transport Corps.	Ordnance Department.	Quartermaster Corps. <sup>1</sup>	Signal Corps.	Gieves shop.	Total estimated values.	Per cent of totals.
I.		\$317,124.52	\$235,688,213.33		\$16.20	\$243,775,246.27	25.14
II.		190,000.00	217,138,063.96		120.00	217,498,068.85	22.43
III.		185,454.28	3,803,472.12		39.90	3,988,692.75	4.11
IV.	\$464,561.16	11,033,717.71	16,903,894.45		190,989.71	33,499,781.35	5.33
V.		34.50	11,898.45		2,592.11	6,378,131.27	.66
VI.		1,726.10	136,703.62	\$500.00		4,273,446.00	.44
VII.		161.35	41,463.83		610.47	119,473,982.93	12.32
VIII.	133,000,000.00	4,680,038.45	8,499,143.25	12,210.00	35.00	147,680,933.92	15.23
IX.		1,605,200.71	13,033,681.73		89.07	31,319,474.09	3.23
X.		3,271.50	573,681.71	433,760.70	177.60	2,092,546.76	.22
XI.		403,371.50	293,723.87	1,007,939.75	21,610.66	5,454,256.06	.56
XII.		436,092.32	10,869,970.67		15,985.98	12,639,897.55	1.3
XIII.		3,784,935.70				3,875,951.75	.4
XIV.		13.52				68,850.23	.007
XV.		503.44	8,392,395.22			8,923,684.33	.92
XVI.		741,444.87	3,959,102.23	31,297.60	123.05	4,700,803.33	.49
XVII.						2,355,865.39	.24
XVIII.						6,595,369.28	.69
XIX.						39,256,500.00	4.05
Permanent installations to May 1, 1919.						967,500.00	.1
Recent installations, advance section.						120,500.00	.01
German signal corps dumps.						2,250,000.00	.23
German and American dumps, advance section.						2,500,000.00	.26
Light batteries.						4,500,000.00	.46
Signal Corps installations.						95,000.00	.01
Laboratory apparatus.						295,484.00	.03
Axire car erecting shop (cost \$500,968, valued at 50 per cent).							
Estimated value of materials and supplies in installations not embraced in categorized inventories.						44,000,000.00	4.53
Net changes in inventories on account of sales, consumption (past and future) returned to United States, and receipts since inventories were compiled.	133,464,561.16	23,699,078.00	520,972,673.88	1,515,728.05	232,389.75	969,582,230.10	100.0
Net total.	12,572,155.56	1,685,155.56	190,250,197.00	1,100,058.07		219,944,163.40	
Deduct 25 per cent to cover cost of merchandising, labor, storage, insurance, interest, and overhead expense.	120,892,118.16	22,013,922.44	330,742,476.88	415,669.98	232,389.75	749,841,066.70	
						187,410,266.68	
						562,230,800.02	

<sup>1</sup> Rotterdam and Antwerp stocks not included.<sup>2</sup> See Forestry.



## APPENDIX IX.

## FORM OF "RECEIPT" GIVEN BY FRENCH IN TAKING OVER UNITED STATES STOCKS BEFORE THE SALE.

(PLACE.)

(LOCALITÉ.)

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-----  
-----  
1. Be it known that on this ----- day of -----, 1919, the War Department of the United States of America has delivered to the Government of France the property described and the location of which is mentioned or fixed in the attached inventory, marked for identification "Exhibit A," the bottom of each sheet being initialed by the undersigned American and French officers, and made a part hereof.

2. From and after the date hereof the French Government will hold the said property for, but without expense to, the United States of America, subject to the directions of the United States Liquidation Commission, War Department, pending negotiations between the said Commission and representatives of the French Government for its purchase by the French Government.

For the War Department of the United States of America.

By -----  
(American Officer)

For the Republic of France.

By -----  
(French Officer.)

-----  
-----  
-----  
1. Il est reconnu que ce ----- jour de ----- 1919, le Department de la Guerre des États-Unis d'Amérique a délivré au Gouvernement Français la propriété décrite et dont la location est mentionnée ou fixée dans l'inventaire ci-joint, marqué pour identification "Pièce A," le bas de chaque page portant les initiales des officiers Américains et Français soussignés, et formant partie de ce reçu.

2. D'a partir de la date ici portée, la Gouvernement Français retiendra la dite propriété pour le Gouvernement des États-Unis d'Amérique, mais sans frais pour lui, soumis aux instructions de la Commission de Liquidation des États-Unis, Department de la Guerre, en attendant des négociations entre le dite Commission et les représentants du Gouvernement Français pour l'achat de cette propriété par le Gouvernement Français.

Pour le Department de la Guerre des États-Unis d'Amérique.

Par -----  
(Officier Américain.)

Pour la République Française.

Par -----  
(Officier Français.)

## APPENDIX X.

(1) CONTRACT OF SALE, UNITED STATES TO FRANCE, AUGUST 1, 1919—  
THE BULK SALE TO FRANCE.

This contract entered into this first day of August A. D. 1919 by and between the United States of America (hereinafter called America), acting through the United States Liquidation Commission—War Department, of the one part; and the Republic of France (hereinafter called France), acting

Entre les États-Unis d'Amérique (ci-après dénommée Amérique) et par l'intermédiaire de la United States Liquidation Commission, War Department, d'une part, et la République Française (ci-après dénommée France) et par l'intermédiaire de M. le Sous-Secrétaire d'État aux Finances d'autre

through Le Sous-Secrétaire d'Etat aux Finances, of the other part, witnesseth:

That *whereas*, America is the owner of certain property now located in France which was imported into, acquired or constructed in France since April 6, 1917, by the War Department of the United States of America (hereinafter called War Department); and

*Whereas*, it is deemed advantageous to both Governments that America sell and France purchase said property;

Now therefore, in consideration of the premises and for the other considerations herein stated, it is mutually agreed, as follows:

#### ARTICLE ONE.

*Description of property.*—America agrees to and does hereby sell to France without warranty of quantity, quality or condition, and subject to the reservations, exceptions and conditions hereinafter set forth, and France agrees to and does hereby purchase from America, all of the property now located in France and now owned by the War Department, described as follows:

a. All of the buildings, structures, docks, warehouses, telephone and telegraph lines, railroads and other installations of every kind and character constructed or acquired in France since April 6, 1917, together with the leases, appurtenances and equipment appertaining thereto; and

b. All of the movable property, consisting of material, equipment and supplies imported into or acquired in France since April 6, 1917.

#### ARTICLE TWO.

*Exceptions and reservations.*—America reserves from the property described in Article One hereof (which is sold subject to the following exceptions and conditions) property as follows:

part, il a été conclu à la date du 1<sup>er</sup> Août 1919 le contrat suivant:

Etant donné que l'Amérique possède en France une certaine quantité de biens en excédent qui ont été importés, achetés ou construits en France depuis le 6 Avril 1917 par le Département de la Guerre des Etats-Unis d'Amérique (ci-après dénommé; War Department), et étant donné qu'il est jugé avantageux pour les deux Gouvernements que l'Amérique vende et que la France achète les dits biens, la convention suivante a été agréée d'un commun accord en égard aux considérations ci-dessus et aux considérations exposées dans le présent document:

#### ARTICLE I.

*Description du matériel.*—L'Amérique consent à vendre et vend effectivement à la France par le présent acte sans garantie de quantité, de qualité, ou d'état actuel et sous réserve des exceptions et des conditions énoncées ci-après et la France accepte d'acheter effectivement par le présent acte à l'Amérique tous les biens actuellement situés en France et appartenant au War Department dont la description suit:

a. Tous les bâtiments, constructions, docks, magasins, lignes téléphoniques et télégraphiques, lignes de chemins de fer et autres installations de tout genre et de tout nature construits ou acquis en France depuis le 6 Avril 1917, en même temps que les baux, les dépendances et aménagements y correspondant.

b. Tous les biens mobiliers consistant en matériels, équipements et approvisionnements importés ou achetés en France depuis le 6 Avril 1917.

#### ARTICLE II.

*Exceptions et réserves.*—L'Amérique excepte des biens décrits dans l'Article ci-dessus, (lesquels sont vendus sous les réserves et conditions indiquées ci-après), ceux de ces biens dont la description suit:

a. All animals.

b. Undelivered material, equipment and supplies which America has already sold or contracted to sell (1) to other nations, (2) to relief associations or organizations, (3) to Spanish Company for export to and distribution in Spain, and (4) to an English syndicate of motor transport of English manufacture only, for return to and distribution in England, all aggregating in selling value approximately Seventy-seven Million, Two-hundred and Sixty-five Thousand, Five-hundred and Ninety-seven Dollars and Eighty-three cents (\$77,265,597.83) ;

c. Equipment, material and supplies forming a part of the equipment of the individual soldier or of the military units which have been or may be hereafter withdrawn from France for return to the United States ;

d. Material, equipment and supplies now in France needed by America and already ordered returned to America for the use of the War Department, of the estimated cost value of fifteen million dollars (\$15,000,000.00).

e. Subsistence and supplies necessary to meet the requirements of the American Expeditionary Forces and other War Department organizations so long as they are in France, which subsistence and supplies are now located both in depots and points other than depots ; such stocks now in depots being of the estimated cost value of Four Million Dollars (\$4,000,000.00) ; and

f. Medical, surgical and hospital supplies and supplementary and dietary foodstuffs needed in the treatment of the sick and injured, reserved for the use of the American Red Cross

a. Tous les animaux.

b. Les materiels, equipements, ap-provisionnementnements que l'Amerique a deja vendus ou qu'elle s'est engagee a vendre, mais qu'elle n'a pas encore livres (1) a d'autres Etats (2) a des associations ou organizations charitables (3) a une Compagnie Espagnole aux fins d'exportation et de distribution en Espagne, et (4) a un syndicat Anglais, en ce qui concerne du materiel automobile, uniquement de fabrication Anglaise, materiel destine a etre remports et distribue en Angleterre, la valeur marchande de tout ce qui est indique ci-dessus s'elevant approximativement a Soixante dix-sept millions, deux cent soixante cinq mille, cinq cent quatre vingt-dix sept dollars quatre vingt trois cents (\$77,265,597.83).

c. L'Equipement, le materiel et les approvisionnementnements qui font partie de l'equipement individuel de l'homme ou des unites militaires qui ont ete ou seront retires de France pour retourner aux Etats-Unis.

d. Les materiels, equipments et approvisionnementnements actuellement en France necessaires a l'Amerique et qui d'apres des instructions precedement recues doivent etre expedies aux Etats-Unis pour l'usage du War Department et dont L'estimation au prix de revient s'eleve a quinze millions de dollars (\$15,000,000.00).

e. Les fournitures et approvisionnementnements necessaires pour subvenir aux besoins des Forces Expeditionnaires Americaines et des autres organizations dependant du War Department tant qu'elles resteront en France, fournitures et approvisionnementnements qui sont actuellement situes dans des depots et dans des points autres que les depots ; le total des approvisionnementnements dans les depots etant estime, au prix de riviens a quatre millions de dollars (\$4,000,000.00) ; et

f. Les approvisionnementnements medicaux, chirurgicaux et hospitaliers ainsi que les denrees alimentaires de regime necessaires dans le traitement des malades et bleses, reserves pour l'usage

in connection with its activities in Europe, of the estimated cost value of ten million dollars (\$10,000,000.00). Should the Secretary of War of the United States of America, or his authorized representative, hereafter request that France re-sell to America additional property of similar nature for the use of the American Red Cross, then in such event France agrees to re-sell same to America so long as it is held by France unsold, delivering it to the American Red Cross at the same price at which France has valued such property in making this purchase, so that the re-sale shall be at cost to France without profit. America agrees to give France credit on the bonds, hereinafter mentioned, for any property so re-sold.

de la Croix-Rouge Americaine pour son oeuvre en Europe, dont l'ensemble est evalue, au prix de revient, a 10 millions de dollars (\$10,000,000.00). Si le Secrétaire d'Etat a la Guerre des Etats-Unis d'Amerique ou son Représentant autorise demandait dans la suite a la France de lui revendre pour l'usage de la Croix Rouge Americaine un surplus d'Approvisionnements du meme genre, la France consent dans ce cas a revendre ces approvisionnements aussi long temps qu'elle les conservera invendus, en les livrant a la Croix-Rouge Americaine au meme prix que la France l'a estime en effectuant son achat, de telle sorte que la revente sera faite par la France au prix courant sans benefice. L'Amerique est d'accord pour crediter la France sur les obligations dont il est question plus loin pour tout le materiel revendu de la sorte.

#### ARTICLE THREE.

##### *Consideration.*

*a. Bonds.*—In addition to the other considerations herein enumerated, France agrees to pay for the above described property the sum of four hundred million dollars (\$400,000,000) to be evidenced by bonds of the Republic of France, dated August 1, 1919, bearing interest from August 1, 1920, at the rate of five per centum (5%) per annum, interest payable in equal semi-annual installments on February 1st and August 1st in each year, said bonds maturing ten (10) years after date, both principal and interest payable in dollars to the United States of America, or its assigns, at Washington, D. C., in gold coin; or, at the election of America, payable in francs of the Republic of France at the cable buying rate as fixed by the Federal Reserve Bank of New York on the New York market at noon of the due date thereof. Said bonds shall be in such form and of such denominations as may be prescribed by agreement be-

#### ARTICLE III.

##### *Prix et engagements speciaux.*

*a. Obligations.*—En plus des autres engagements enumeres ici, la France consent a payer pour le materiel decrit plus haut, la somme de quatre cents millions de dollars (\$400,000,000.00) representes par des obligations de la Republique Francaise, en date du 1er Aout 1919, portant interet du 1er Aout 1920 au taux de cinq pour cent (5%) l'an, interets payable en paiements a termes semestriels et egaux, le 1er Fevrier et le 1er Aout de chaque annee, les dites obligations arrivant a amortissement dix (10) ans apres la date d'emission, le capital et les interets payables en dollars aux Etats-Unis d'Amerique ou a ceux qu'ils designeront a Washington, District of Columbia, en monnaie d'or, ou au choix de l'Amerique, payables en francs de la Republique Francaise au taux d'achat fixe par cable par la Federal Reserve Bank de New York, sur le marche de New York, a midi de la date d'esscheance. Les dites obligations

tween the Treasury Departments of America and of France, and shall be delivered within ninety (90) days from August 1st, 1919.

*b. Claims and rentals.*—France assumes the payment of all rentals which shall accrue subsequent to August 1st, 1919, on account of the occupancy of the installations of every character purchased by it from America. All requisition, damage and restoration claims of every nature whatsoever connected with or growing out of the use and occupation of said installations have already been taken into account by France in estimating the utilization value of said installations, and deduction has been made accordingly from the purchase price mentioned in subdivision "a" of this Article Three hereof; and France assumes the payment of and agrees to hold America harmless against all such claims.

*c. Waiver of claims.*—France waives all claims of every nature which it has or may have against America for National taxes on account of the importation of or transactions in relation to property heretofore imported or acquired by America in France since April 6th, 1917.

seront émises dans la forme et sous la dénomination qui sera prescrite d'accord entre les Ministres des Finances des Gouvernements Américain et Français. L'émission des obligations aura lieu dans les quatre-vingt-dix (90) jours à partir de la date du 1er Août 1919.

*b. Reclamations et locations.*—La France prendra à sa charge le paiement à partir de la date du 1er Août 1919, de tous les loyers d'occupation d'installations de toute nature qu'elle achète aux Etats-Unis d'Amérique. Tous frais de réquisitions, de dommages et de remise en état de toute nature qui peuvent être dus pour l'usage et l'occupation de ces installations, ont été déjà pris en considération par la France dans l'estimation qu'elle a faite de la valeur d'utilisation des dites installations et une déduction correspondante a été opérée sur le prix d'achat mentionné dans la subdivision "a" de l'Art. III ci-dessus; En conséquence la France rendra à sa charge le paiement de ces frais et s'en gage à ce qu'aucune réclamation ne soit faite à l'Amérique à leur sujet.

*c. Renoncement aux Reclamations.*—La France renonce à toutes réclamations de toute nature qu'elle a ou peut avoir contre l'Amérique pour des taxes d'Etat provenant d'importations ou de transactions relatives aux biens jusqu'ici importés ou achetés par l'Amérique en France, depuis le 6 Avril, 1917.

#### ARTICLE FOUR.

*Title and possession.*—a. Title to the property hereinbefore mentioned, sold by America to France, shall pass to France upon the signing of this contract. Delivery of possession shall begin immediately and shall be completed within thirty days from August 1st, 1919. So long as said property is in the possession of America it shall be held at the joint risk of America and France; provided, however, that the

#### ARTICLE IV.

*Titre et possession.*—a). La propriété des biens vendus par le présent acte sera transférée à la France par la signature de ce contrat. La prise de possession commencera immédiatement, et devra être terminée dans les trente (30) jours à partir du 1er Août 1919. Aussi longtemps que ces biens seront conservés par l'Amérique, il leur sera tenu compte des risques communs de l'Amérique et de la France, pourvu

risk to America shall terminate absolutely with August 31st, 1919, whether delivery has at that time been taken by France or not. At the time of delivery of possession a receipt in substantially the following form shall be signed by representatives of the respective Governments:

"Be it known that on this ——— day of ———, 1919, the United States of America, War Department, has delivered to the accredited representative of the Republic of France, on authority of the United States Liquidation Commission—War Department, all the property, both fixed and movable, belonging to the United States of America, War Department, embraced or located in installation, depot or park known as ——— Department ——— Project No. ——— as shown on the Jadwin Report of Installation, page —.

"Executed in ——— parts, each having the full force and effect of an original."

b. France hereby grants to America, rent free, the temporary use of such installations and moveables purchased by France in accordance with the terms of this contract as may be required by the American Expeditionary Forces and other War Department Organizations so long as they are in France or as may be necessary to complete the liquidation of the affairs of the War Department; provided, however, that so long as such installations and movables are retained by America for its use under the terms of this subdivision "b" of Article Four hereof, they shall be held at the risk of America.

In witness whereof, on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War

toutefois que le risque supporte par l'Amerique se termine d'une maniere absolue au 31 Aout 1919, que la prise de possession ait ete, a cette date, operee ou non par la France. Au moment de la prise de possession un reçu dans la forme suivante sera signe par les Représentants des Gouvernements interresses:

"Qu'il soit connu que le ——— jour de ——— 1919, les Etats-Unis d'Amerique, Ministère de la Guerre, ont remis au Représentant accredite de la Republique Francaise, sur ordre de la Commission de Liquidation des Etats-Unis, Ministère de la Guerre, tout le materiel, fixe et transportable, appartenant aux Etats-Unis d'Amerique, Département de la Guerre, compris ou situe dans l'installation, le depot ou le par connu sous le nom de ——— Département ——— Project No. ——— comme indique sur le Rapport de Jadwin des Installations, page —.

"Execute en ——— exemplaires chacun ayant pleine vigueur et force d'original."

b.) La France consent par le present contrat a accorder a l'Amerique, sans paiement de loyer, l'usage de telle partie des installations et des biens meubles achetes par la France suivant les termes de ce contrat, qui pourra etre necessaire aux Forces Expeditionnaires Americaines et autres Services du War Department et sera demandee par eux, aussi longtemps que cela sera juge necessaire pour terminer la liquidation des affaires du War Department; a condition toutefois qu'aussi longtemps que ces installations et materiels seront conserves par l'Amerique pour son usage, suivant les termes de la subdivision "b" de l'Art. IV ci-dessus, ils le seront aux risques de l'Amerique.

En foi de quoi, a la date de l'annee indiquee ci-dessus, entete ce contrat a ete dresse en quatre exemplaires, pour valoir chacun d'eux comme original par les Etats-Unis d'Amerique, agissant par l'intermediaire de la Commission de Liquidation des Etats-Unis,

Department, Edwin B. Parker, Chairman; and by the Republic of France, acting through le Sous-Secrétaire d'Etat aux Finances, Paul Morel.

Ministère de la Guerre, Edwin B. Parker, Président; et par la République Française, agissant par l'intermédiaire du Sous-Secrétaire d'Etat aux Finances, Paul Morel.

UNITED STATES OF AMERICA,

By E. B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

REPUBLIC OF FRANCE.

By P. MOREL,

*Le Sous-Secrétaire d'Etat aux Finances.*

(2) THE RATIFICATION OF THE BULK SALE CONTRACT.

Republic of France, Law of the 21st October, 1919.

Law ratifying the agreement entered into August 1, 1919, between the United States of America and the French Republic for the sale of American stocks.

The Senate and the Chamber of Deputies have adopted,

The President of the Republic promulgates the law, whereof the terms follow:

*Sole Article:* The agreement entered into August 1, 1919, between the United States of America and the Republic of France for the purchase by France of the surplus property imported, purchased, or constructed in France since April 6, 1917, by the War Department of the United States of America, is hereby voted.

The present law considered and adopted by the Senate and by the Chamber of Deputies shall be executed as a law of the State.

Done at Paris, 21 October, 1919:

By the President of the Republic:.

The President of the Council, Minister of War,

GEORGES CLEMENCEAU.

The Minister of Finance:

L. L. KLOTZ.

NOTE.—A further law provides for a separate accounting in disposing of these stocks; and after the deduction of direct expenses, a turning of the proceeds into a special fund for the payment of principal and interest on the purchase debt.

(3) LETTER OF TRANSMITTAL OF CONTRACT, PARKER TO MOREL, AUGUST 4, 1919.

Subject: Sale of property by the United States War Department to the Government of France.

M. PAUL MOREL,

*Le Sous-Secrétaire d'Etat aux Finances, Paris, France.*

MY DEAR MONSIEUR MOREL: Complying with my promise to you made in conference had in your office Friday afternoon, August 1, I now have pleasure in handing you herewith draft of contract to be entered into between the United States of America on the one part, and the Republic of France on the other part,

for the sale of property by the War Department of the United States to the Government of France.

You will note that the contract follows very closely the language of your memorandum, which I received on August 1, and which was in response to my letter of July 25. There are a few provisions, such as that dealing with "Waiver of claims," constituting subdivision "c" of Article Three, not embodied in your memorandum, but which you will find covered in the correspondence leading up to this agreement and which I am sure are clearly understood between us.

We both agree that it is desirable to keep this formal contract as simple as practicable and not encumber it with details, and to that end I am not undertaking to embody in the contract the following:

1. The estimated selling value of the undelivered material, equipment, and supplies which America has sold or contracted to sell, aggregating approximately \$77,265,297.83, is estimated to approximate 75 per cent of the cost price as stated on the American inventories, and these materials, equipment, and supplies, based on such values, are distributed between the several inventoried categories, substantially as follows:

Category 1-----	\$20, 207, 704. 75
Category 2-----	35, 402, 769. 36
Category 4-----	1, 742, 860. 00
Category 7-----	2, 113, 750. 00
Category 8-----	9, 722, 763. 72
Category 9-----	4, 637, 500. 00
Category 12-----	285, 000. 00
Category 13-----	3, 153, 250. 00
Total-----	<hr/> 77, 265, 597. 83

2. It is, of course, understood that upon the taking over of installations France will grant, rent free, to America or purchasers from it the temporary use for a reasonable time of such installations as may be necessary for warehouse and storage space for material, equipment, and supplies reserved from the sale to France and mentioned in Article Two of the agreement dated August 1, 1919. If you desire to set a time limit on such use, I suggest October 1, 1919.

3. We will, of course, keep accurate account of all deliveries made on unfilled contracts on and after July 25, the date on which I sent you statement of estimated selling value of undelivered material. Conversely, should we import into France any material, equipment, or supplies on or after that date, they will not be included in the bulk sale to France.

4. In the settlement between our two Governments for artillery and ammunition purchased by America from France an agreement has been reached by which America obligates itself to pay France a very large sum. A considerable number of these artillery units are only now being delivered, and some of them are yet to be finished and delivered. We are anxious to take delivery and return these ordnance supplies and equipment to the United States at the earliest possible moment. It is, of course, understood that these artillery units which France is selling to America are not included in the bulk sale to the French or in the material, equipment, and supplies reserved for return by America to the United States estimated in the contract at \$15,000,000. I simply mention this here out of abundance of caution to avoid any possible misunderstanding in the future.

5. You may treat this letter as supplementary to and explanatory of the formal agreement, and upon its acceptance by you it will bind both parties thereto.



I presume it is desirable that the contract should be written in both French and English in parallel columns, and if this is agreeable to you I will have it prepared accordingly.

I am sure that you will agree with me that it is desirable that the contract should be promptly executed, and to that end I hold myself in readiness to meet with you at any time to-day or to-morrow.

Yours very sincerely,

(Signed)

EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

(4) SUPPLEMENT TO LETTER OF TRANSMITTAL, AUGUST 11, 1919.

Subject: Sale of property by the United States War Department to the Government of France.

M. PAUL MOREL,

*Le Sous-Secrétaire d'Etat aux Finances, Paris, France.*

MY DEAR MONSIEUR MOREL: In the conference had with you on the afternoon of August 7 you stated that the terms set forth in my letter to you of August 4, supplementary to and explanatory of the formal agreement, bearing date of August 1, 1919, were acceptable to you with the following changes:

(a) At the end of and as a part of paragraph (1), page 2, there should be added the following:

"The material, equipment, and supplies necessary to complete the contracts of sale mentioned shall be for each category selected as follows: If the materials are classified according to condition as new, good, worn, much worn, etc., the selection will be made for each category, and for each class in that category, in the proportion in which the various classes enter into the category. If the materials of a category are not classified, the selection shall be an average of the qualities in such category."

(b) At the end of paragraph 3 change the period to a semicolon, and add the words:

"Provided America will not import into France any surplus War Department material, equipment, or supplies for sale in France, without first giving to France an opportunity to purchase same."

Will you please treat this letter as supplementary to my letter to you of August 4, above mentioned?

Yours very sincerely,

(Signed)

EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

## APPENDIX XI.

### 1. LETTER FROM MR. HOOVER TO JUDGE PARKER.

SUPREME ECONOMIC COUNCIL, FOOD SECTION,

*March 17, 1919.*

CHAIRMAN UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT,

*Paris, France.*

DEAR JUDGE PARKER: The clothing relief to the liberated countries of Europe is just as important as food relief, and we have already made considerable purchases from the Army for Belgium and northern France, and have even bought and shipped from the United States. The prices, however, on the Army mate-

rials have been extremely high—higher than from the trade—and would only be accepted under *force majeure*. The Governments who buy them necessarily have to re-sell to their public and they are very wary as to buying in considerable amounts at the present prices, as private firms, which are rapidly re-opening, are able to place similar goods at lower prices. If, on the other hand, reasonable prices can be made and credits given, we can go a long ways toward relieving the Army of its clothing and we could also relieve it of a large amount of iron rations. The Army have a number of "Lake" boats, from 2,000 to 3,000 tons carrying capacity, at present in the coal trade, which they are now ready to relinquish to return to the States. If they would undertake to load a cargo of these boats with clothing supplies at reasonable prices for each, Roumania, Greater Serbia, Poland, and a further cargo of iron rations for Poland, we could dispose of this material for you at once. We have a general contractual arrangement with these Governments by which they accept our invoices for such cargoes, provided we are willing to say that they are reasonable prices, and will undertake to give any sort of obligation that we may call for. None of these Governments, of course, have any money, and if the Army will take a 12-month's treasury bill in each case the whole matter could be put in hand and carried through instantly, provided always that the prices are reasonable. I understand that the treasury prefers to make advances to these countries with which they are to pay for these materials. This is, however, only a question of inversion of finance, but I mention it as I understand it is their desire.

Yours faithfully,

HERBERT HOOVER.

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## 2. LETTER FROM THE PRESIDENT TO JUDGE PARKER.

THE PRESIDENT OF THE UNITED STATES OF AMERICA.

*Paris, 24 March, 1919.*

MY DEAR JUDGE PARKER: Mr. Hoover has represented to me the critical clothing conditions in the liberated countries. He has also presented to me the fact that the War Department is possessed of enormous stocks, not only of new clothing but of renovated materials. It must be obvious that these renovated materials can have but little value in the world markets and that the unused materials, purchased and manufactured under war conditions, will soon be heavily depreciated by the return of commerce to more normal prices. It would appear, therefore, that it is desirable to liquidate these stocks at the earliest possible moment.

It would appear that but little market could be found for such large quantities of clothing and shoes and similar articles, except through some such relief agency as that conducted by Mr. Hoover and, to some extent, this agency may be of value in the distribution of the unused material. The sympathetic interest which the American people must have in the alleviation of misery amongst the liberated people should lead us to entertain the most sympathetic view as to prices and terms upon which this material is disposed of to them. I would be glad, therefore, if the Commission could accept as its guiding principle in these negotiations the fact that it is not only securing a rapid liquidation of materials that may otherwise prove practically unsalable, but also that it has an opportunity to perform a fine human service by approaching the matter in the most sympathetic mind, and I would be glad if the Commission could see its way to very largely accept Mr. Hoover's views as to the terms upon which dealings should be undertaken with the liberated peoples.

Faithfully yours,

WOODROW WILSON.

## 3. LETTER FROM JUDGE PARKER TO THE PRESIDENT.

PARIS, *March 25, 1919.*

MY DEAR MR. PRESIDENT: It will be the pleasure as well as the duty of this Commission to pursue the course outlined in your letter of March 24 addressed to me, in disposing, with Mr. Hoover's assistance, of salvaged wearing apparel and other materials and supplies of which the liberated countries are sorely in need.

Yours respectfully,

EDWIN B. PARKER, *Chairman.*

The PRESIDENT,

12, *Place des Etats Unis, Paris, France.*

## APPENDIX XII.

## THE LIBERATED NATIONS AND THEIR COMMERCIAL ORGANIZATIONS.

Poland—Polish Relief and Supply Corporation.

Czechoslovakia—Czechoslovakia Relief Corporation.

Roumania—The Government.

Kingdom of Serbs, Croats, and Slovenes—The Government.

Esthonia—Revalis.

Ukraine—Ukrailian.

Latvia—Central Union Consums.

Lithuania—Vilnis.

## APPENDIX XIII.

UNITED STATES LIQUIDATION COMMISSION—W. D.,

OFFICE OF GENERAL SALES AGENT,

*Washington, D. C., May 27, 1920.*

Memorandum to U. S. Liquidation Commission—W. D.

1. The following statement shows status of sales of animals in A. E. F.:

Purchaser.	Quantity.	Total.
French individuals.....	69,769	\$13,903,346.41
German individuals.....	33,717	7,243,983.77
Bavarian Syndicate.....	13,039	2,293,300.43
Czechoslovakia.....	10	3,870.10
Polish Relief and Supply Corporation.....	5,900	1,662,000.00
French Government.....	58,984	10,928,714.85
Belgian Government.....	490	97,849.46
Grand total.....	181,909	35,133,065.02

E. P. ORTON,

*Major, Cavalry, General Sales Agent.*

## APPENDIX XIV.

## CHART I.

GENERAL SALES AGENT STATISTICAL DIVISION—STATEMENT OF SALES TO INDIVIDUALS, GOVERNMENTS, ASSOCIATIONS, PERIOD  
ENDING MAY 31, 1920.

Services.	French.	British.	Belgian.	Italian.	Russian.	Polish.	Estonian.	Greek.	Latvian.	Lithuanian.
Air Service.....	\$1,279,134.19					\$807,077.52				
Chemical Warfare Service.....	{ F. 6,978,996.55									
Engineers Corps.....	{ \$4,482,910.05	\$385,689.81	\$498,738.11			108,454.20	\$138,991.93		\$68,729.06	
Medical Corps.....	\$82,910.28			\$500.87		2,879,968.74	358,331.22	\$101,868.40	160,099.07	\$869,838.58
Motor Transport Corps.....	\$4,540,183.71	8,855.60	4,494.16	247,643.61	\$378,171.20	9,011,319.60	349,010.80		50,345.48	
Ordnance Corps.....	\$32,861,622.45	79,588.67	1,454.64	209,492.59		5,327,880.54				
Quartermaster Corps.....	{ F. 225,586,080.96	{ 1,592,215.07	28,011,698.53	38,035.23	50,128.26	41,230,411.37	11,416,485.04	1,965.67	2,277,779.23	3,745,622.81
Signal Corps.....	{ \$15,232,458.53	160,137.12	33,277.31	1,150.80						
	\$9,281,723.55									
Total.....	{ F. 232,565,047.51	{ 2,176,486.27	28,549,672.75	496,832.10	428,299.46	59,365,111.97	12,262,818.99	108,834.07	2,556,952.84	4,414,861.39
	{ \$87,780,942.76									

Services.	Serbian.	Ukrainian.	Roumanian.	Czecho-Slovakian.	Portugal.	Sociedad Española.	Holland.	Spain.	Associations, corporations, individuals.	Totals.
Air service.....									\$729,484.80	\$2,815,696.51
Chemical Warfare Service.....									37,607.62	37,607.62
Engineers Corps.....	\$1,728,848.26					\$512,001.27			{ F. 439,365.36	F. 7,418,361.91
Medical Corps.....	268,457.73	\$1,132,161.33							{ \$7,908,376.85	\$15,782,739.54
Motor Transport Corps.....	604,704.76	292,578.47							\$637,597.95	\$6,292,043.17
Ordnance Corps.....	3,119,786.93		\$22,400.00			31,884.00			\$17,667,644.97	\$33,186,936.36
Quartermaster Corps.....	14,742,393.57	7,075,482.87	12,990,280.00	\$19,098,874.27	\$230,414.14	18,000.00			\$1,412,776.14	\$63,033,001.96
Signal Corps.....						3,904,634.50		\$292,600.94	{ F. 249,642.00	F. 225,835,692.96
									{ \$84,948,374.92	\$246,889,173.95
									\$335,622.24	\$9,847,994.12
Total.....	20,464,191.25	8,500,222.67	13,012,680.00	19,098,874.27	230,414.14	4,466,519.77	36,083.10	292,600.94	{ F. 689,007.36	F. 233,254,054.87
									{ \$113,667,785.49	\$377,905,193.23

Certified correct: G. W. SWIFT, *1st. Lt. Inf.*  
Approved: E. P. ORTON, *Col. Cav.*

CHART II.  
GENERAL SALES AGENT STATISTICAL DIVISION—STATEMENT OF SALES MADE TO INDIVIDUALS, GOVERNMENTS, ASSOCIATIONS.

Categories.	French.	British.	Italian.	Belgian.	Russian.	Polish.	Estonian.	Greek.	Latvian.	Lithuanian.	Ukrainian.
I. Clothing and textiles.....	{ F. 16,091,483.93 \$2,714,955.98 }	{ \$204,109.72 }	\$54.03	\$15,346,255.31	\$45,540.72	\$20,288,155.42	\$3,929,042.80	.....	\$1,364,738.28	\$2,141,163.84	\$7,335,832.41
II. Subsistence supplies.....	{ F. 129,773,251.42 \$11,544,102.29 }	{ 1,464,706.16 }	12,356.57	9,370,277.94	379.86	13,855,252.62	7,214,397.33	\$1,965.67	1,075,771.80	1,000,404.74	.....
III. Kitchen utensils and household furniture.....	{ F. 335,274.73 \$339,888.15 }	{ 559.39 }	57.54	.....	.....	3,982,340.33	.....	4,055.93	.....	.....	.....
IV. Machinery, metals, tools, and hardware.....	{ F. 6,017,034.11 \$258,610.46 }	{ ..... }	.....	.....	.....	371,705.45	229,190.12	.....	78,391.56	590,182.23	.....
V. Building materials.....	{ F. 1,530,324.37 \$1,121,453.75 }	{ 249,031.67 }	.....	8,808.28	.....	.....	.....	.....	.....	31,730.40	.....
VI. Lumber and other forest products.....	{ F. 1,191,504.55 }	{ ..... }	.....	.....	.....	.....	.....	.....	.....	.....	.....
VII. Railway and dock equipment.....	{ F. 1,136,503.85 \$74,565,127.01 }	{ ..... }	.....	1,422.96	.....	.....	.....	.....	.....	.....	.....
VIII. Transport equipment.....	{ F. 74,565,127.01 \$13,163,249.35 }	{ 30,164.47 }	247,644.74	2,402,303.84	382,378.88	13,170,143.93	308,186.45	.....	.....	.....	.....
IX. Hospital and toilet supplies and chemicals.....	{ F. 10,213.50 \$79,000.29 }	{ 254.27 }	8,698.97	1,003,480.47	.....	2,713,237.47	582,002.29	97,812.47	38,051.20	677,110.58	1,132,161.33
X. Photographic measuring, and musical instruments.....	{ F. 3,016.45 \$66,293.25 }	{ ..... }	.....	.....	.....	11,572.00	.....	.....	.....	.....	.....
XI. Electrical equipment and supplies.....	{ F. 514,866.41 \$16,158.40 }	{ 149,688.80 }	784.30	33,589.93	.....	.....	.....	.....	.....	.....	.....
XII. Oil, gasoline, and paints.....	{ F. 16,158.40 \$60,855.23 }	{ 937.14 }	421.54	163.39	.....	56,329.48	.....	.....	.....	.....	.....
XIII. Ordnance and gas equipment supplies.....	{ F. 1,202,800.06 \$54,580,486.71 }	{ 75,186.09 }	218,196.69	1,454.54	.....	3,984,735.35	.....	.....	.....	.....	.....
XV. Printing apparatus and supplies.....	{ F. 52,344.85 \$7,902.27 }	{ ..... }	.....	.....	.....	.....	.....	.....	.....	.....	.....
XVI. Office fixtures, stationery.....	{ F. 883,539.36 \$368,113.45 }	{ 192.00 }	8,677.72	.....	.....	127,458.67	.....	.....	.....	498.53	.....
XVII. Hides, leather.....	{ F. 160,846.70 \$197,641.21 }	{ 1,656.56 }	.....	381,876.09	.....	8,645.73	.....	.....	.....	.....	.....
XVIII. Air Service and equipment and apparatus.....	{ F. 197,641.21 \$159,053.08 }	{ ..... }	.....	.....	.....	795,505.52	.....	.....	.....	.....	.....
Total.....	{ F. 232,565,047.51 \$47,780,942.76 }	{ 2,176,486.27 }	496,832.10	28,549,672.75	428,299.46	59,365,111.97	12,292,818.99	103,834.07	2,556,952.84	4,414,861.39	8,500,222.67

GENERAL SALES AGENTS—STATISTICAL DIVISION—STATEMENT OF SALES MADE TO INDIVIDUALS, GOVERNMENTS, ASSOCIATIONS—Continued.

Categories.	Serbian.	Roumanian.	Czecho-Slovakian.	Portugal.	Spain.	Sociedad Española.	Holland.	Associations, corporations, individuals.	Total.
I. Clothing and textiles.....	\$11,321,149.68	\$8,435,608.44	\$8,734,301.11	\$94,500.00		\$174,452.00		{ F. 100,218.00 \$20,420,007.00	{ F. 16,191,701.93 \$102,789,867.37
II. Subsistence supplies.....	3,204,717.07	4,899,165.17	9,105,616.47	195,914.14	\$292,600.94	3,412,525.50		{ F. 129,773,251.42 \$31,375,267.07	{ F. 129,773,251.42 \$31,375,267.07
III. Kitchen utensils and household furniture.....	627,822.14	22,400.00						{ F. 333,274.34 \$2,359,511.15	{ F. 333,274.34 \$2,359,511.15
IV. Machinery metals, tools, and hardware.....	1,859,981.83	123,160.00				200,637.50		{ F. 64,942.55 \$3,474,678.69	{ F. 64,942.55 \$3,474,678.69
V. Building materials.....			102,754.80					{ F. 62,944.45 \$1,954,888.75	{ F. 62,944.45 \$1,954,888.75
VI. Lumber and other forest products.....								{ F. 131,887.46 \$298,880.13	{ F. 131,887.46 \$298,880.13
VII. Railway and dock equipment.....						159,338.85		{ F. 1,136,503.95 \$385,723.09	{ F. 1,136,503.95 \$385,723.09
VIII. Transport equipment.....	575,972.50	32,355.39	1,144,715.17			18,000.00		{ F. 249,642.00 \$51,239,636.91	{ F. 74,814,769.01 \$82,714,751.66
IX. Hospital and toilet supplies and chemicals.....	246,463.23		195.00					{ F. 10,213.50 \$1,227,216.32	{ F. 10,213.50 \$1,227,216.32
X. Photographic, measuring, and musical instruments.....								{ F. 3,016.45 \$99,079.98	{ F. 3,016.45 \$99,079.98
XI. Electrical equipment and supplies.....						32,517.92	\$36,083.10	{ F. 76,372.90 \$1,106,280.48	{ F. 142,666.15 \$4,873,810.94
XII. Oil, gasoline, and paints.....						270,000.00		{ F. 16,158.40 \$21,129.66	{ F. 16,158.40 \$21,129.66
XIII. Ordnance and gas equipment supplies.....	2,627,773.42							{ F. 1,202,800.06 \$61,966,870.89	{ F. 1,202,800.06 \$61,966,870.89
XV. Printing apparatus and supplies.....								{ F. 52,341.85 \$7,902.27	{ F. 52,341.85 \$7,902.27
XVI. Office fixtures, stationery.....	305.38							{ F. 331,569.48 \$368,113.45	{ F. 331,569.48 \$368,113.45
XVII. Hides, leather.....			11,291.69					{ F. 894,543.68 \$197,641.21	{ F. 894,543.68 \$197,641.21
XVIII. Air Service and equipment and apparatus.....								{ F. 13,253.10 \$967,811.70	{ F. 13,253.10 \$967,811.70
Total.....	20,464,191.25	13,012,689.00	19,098,874.27	230,414.14	292,600.94	4,466,519.77	36,083.10	{ F. 689,007.36 \$113,667,785.49	{ F. 233,254,054.87 \$377,905,193.23

Certified correct: G. W. SWIFT, *1st. Lt. Inf.*  
 Approved: E. P. ORTON, *Col. Cav.*

CHART III.

GENERAL SALES AGENT STATISTICAL DIVISION—STATEMENT OF SALES MADE IN FOLLOWING-NAMED COUNTRIES.

Categories.	France.	Italy.	Spain.	Holland.	Germany.	Belgium.	England.	Total.
I. Clothing and textiles.....	{ F. 16,191,701.93 \$75,680,437.02 }	{ \$3,525.78 43,054.02 }	{ \$276,852.41 ..... }	.....	{ \$13,926,658.68 11,973,995.89 }	{ \$12,613,377.25 9,867,451.81 }	{ \$1,189,016.23 992,676.47 }	{ F. 16,191,701.93 \$102,789,867.37 }
II. Subsistence supplies.....	{ F. 129,773,251.42 \$74,192,172.88 }	{ 43,054.02 1,278.16 }	.....	{ \$421,970.27 29,159.83 }	{ 11,973,995.89 4,132.01 }	.....	.....	{ F. 129,773,251.42 \$97,430,424.34 }
III. Kitchen utensils, household furnishings.....	{ F. 335,274.73 \$5,040,196.67 }	{ 1,278.16 25.00 }	{ 29,159.83 ..... }	.....	{ 4,132.01 299,086.60 }	.....	{ 284,744.48 ..... }	{ F. 335,274.73 \$5,359,511.15 }
IV. Machinery, metals, tools, and hardware.....	{ F. 6,081,976.66 \$3,695,404.63 }	{ 25.00 ..... }	.....	.....	{ 299,086.60 76,320.19 }	{ 52,119.38 96,473.35 }	{ 1,159,902.23 726,738.97 }	{ F. 6,081,976.66 \$7,186,537.84 }
V. Building materials.....	{ F. 1,593,268.82 \$2,524,472.73 }	.....	{ 38,637.61 ..... }	{ 6,119.80 ..... }	{ 76,320.19 11,038.86 }	.....	.....	{ F. 1,593,268.82 \$3,468,762.65 }
VI. Lumber and other forest products.....	{ F. 1,326,392.01 \$65,314.56 }	.....	{ 71,425.55 ..... }	.....	{ 11,038.86 76.06 }	{ 73.80 ..... }	{ 151,027.36 ..... }	{ F. 1,326,392.01 \$298,880.13 }
VII. Railway and dock equipment.....	{ F. 1,136,503.95 \$165,115.54 }	.....	{ 12,577.24 ..... }	.....	{ 76.06 ..... }	.....	{ 2,795.45 ..... }	{ F. 1,136,503.95 \$356,723.69 }
VIII. Transport equipment.....	{ F. 74,814,769.01 \$35,323,224.73 }	{ 272,428.34 2,047.24 }	{ 107,177.94 ..... }	.....	{ 24,813,163.59 1,149,505.16 }	{ 257,398.74 8,590.00 }	{ 1,941,358.32 2,780.41 }	{ F. 74,814,769.01 \$7,102,213.50 }
IX. Hospital toilet supplies and chemicals.....	{ F. 10,213.50 \$6,642,768.08 }	{ 2,047.24 ..... }	.....	.....	{ 1,149,505.16 2.80 }	.....	.....	{ F. 10,213.50 \$7,653,603.89 }
X. Photographic, measuring, and musical instruments.....	{ F. 3,016.45 \$10,530.92 }	.....	.....	.....	{ 2.80 ..... }	.....	{ 118.26 ..... }	{ F. 3,016.45 \$16,651.98 }
XI. Electrical equipment and supplies.....	{ F. 142,066.15 \$1,923,624.49 }	{ 467.83 ..... }	{ 78.50 ..... }	.....	{ 721,414.19 30,125.20 }	{ 178,661.00 849.30 }	{ 49,564.93 24.62 }	{ F. 142,066.15 \$4,873,158.44 }
XII. Oils, gasoline and paint.....	{ F. 16,158.40 \$378,807.32 }	.....	.....	.....	{ 30,125.20 442,973.81 }	.....	{ 485.75 ..... }	{ F. 16,158.40 \$409,866.44 }
XIII. Ordnance and gas equipment and supplies.....	{ F. 1,202,800.06 \$61,523,411.33 }	.....	.....	.....	{ 442,973.81 ..... }	.....	.....	{ F. 1,202,800.06 \$61,966,870.89 }
XIV. Blasting apparatus and supplies.....	{ F. 52,344.55 \$7,992.27 }	.....	.....	.....	.....	.....	.....	{ F. 52,344.55 \$7,992.27 }
XV. Printing plant and supplies.....	{ F. 7,992.27 \$46,964.16 }	{ 11,638.56 ..... }	{ 287,863.46 ..... }	.....	{ 16,902.44 35,291.26 }	{ 190.00 181,450.91 }	{ 668,100.86 ..... }	{ F. 7,992.27 \$1,331,569.48 }
XVI. Office fixtures, stationery, and supplies.....	{ F. 368,113.45 \$557,801.51 }	.....	.....	.....	{ 35,291.26 795,505.52 }	.....	.....	{ F. 368,113.45 \$894,543.68 }
XVII. Hides, leather.....	{ F. 197,641.21 \$172,306.18 }	.....	.....	.....	{ 795,505.52 ..... }	.....	.....	{ F. 197,641.21 \$867,811.70 }
XVIII. Air Service apparatus and equipment.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	{ F. 233,254,054.87 \$292,372,612.75 }	{ \$384,464.93 ..... }	{ 823,772.54 ..... }	{ 427,190.07 ..... }	{ 53,396,192.26 ..... }	{ 23,075,007.63 ..... }	{ 7,475,953.05 ..... }	{ F. 233,254,054.87 \$377,905,193.27 }

Certified correct: G. W. SWIFT, *1st. Inf.*  
Approved: E. P. ORTON, *Col. Cav.*

## APPENDIX XV.

## CONTRACT FOR LIQUIDATION OF CLAIMS BETWEEN UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE KINGDOM OF BELGIUM.

This contract entered into this seventh day of November, one thousand nine hundred and nineteen, by and between the United States of America (hereinafter called the United States), acting through the United States Liquidation Commission—War Department, of the first part, and the Government of the Kingdom of Belgium (hereinafter called Belgium), acting through the minister of finance, of the second part *WITNESSETH*:

That *whereas* Belgium has furnished the armed forces of the United States with rail and water transport, the use of locomotives, railway material, and other merchandise and services for the use of the American forces in Europe;

And *whereas* the private railroad companies in Belgium have furnished certain railroad transportation to the armed forces of the United States, which all parties desire to include in this settlement;

And *whereas* the Belgian railroads have presented certain *ordres de transport* signed by American officers which the United States believes should be paid by Great Britain under a capitulation agreement concerning American troops serving with the British Armies;

And *whereas* the Belgian railroads have received from the French railroads certain bills for supplies furnished to Belgian locomotives rented to the American forces, which charges the United States believes are not properly payable by Belgium;

And *whereas* the amount of the indebtedness of the United States to Belgium by reason of the materials and services referred to in the foregoing paragraphs is difficult of exact determination on account of war conditions;

And *whereas* the United States has sold to Belgium certain merchandise and has performed for Belgium certain services aggregating approximately thirty million dollars (30,000,000.00 dollars);

And *whereas* by a contract dated March first, A. D. one thousand nine hundred and nineteen, Belgium agreed to give and the United States agreed to accept in payment for purchases to the aggregate amount of twenty-four million dollars (\$24,000,000.00) treasury bills of the Belgian Government, payable not later than April tenth, A. D. one thousand nine hundred and twenty-two, and secured by a first lien on the portion of the German war indemnity payable to Belgium, as more particularly stated in said agreement;

And *whereas* by a certain other agreement dated August fifth, A. D. one thousand nine hundred and nineteen, Belgium agreed to give and the United States agreed to accept in payment for sales of subsistence stores, which sales aggregate eight million three hundred and ninety-two thousand ninety-seven dollars fifty-seven cents (\$8,392,097.57) notes of the Belgian Government payable on or before August fifth, A. D. one thousand nine hundred and twenty-two, as more particularly stated in said agreement;

And *whereas* by a certain other agreement dated August twenty-first, A. D. one thousand nine hundred and nineteen, Belgium agreed to give and the United States agreed to accept in payment for sales of office fittings at Antwerp, which sales aggregate one hundred and ninety-six thousand four hundred and eighty-three dollars fifty-seven cents (\$196,483.57), notes of the Belgian Government payable on or before August twenty-first, A. D. one thousand nine hundred and twenty-two, as more particularly stated in said agreement;

And *whereas* all parties hereto desire to adjust any and all claims and demands of every kind, nature, and description existing between them up to and



including the thirty-first day of October, A. D. one thousand nine hundred and nineteen :

*Now therefore*, in consideration of the premises and the other considerations herein stated, it is agreed as follows :

ARTICLE ONE. Belgium agrees to deliver forthwith to the financial requisition officer, Paris, or to such other officer as shall be fully designated to receive the same, treasury bills or notes to the amount of eighteen million five hundred and seventy-four thousand one hundred and thirty-nine dollars seventy-nine cents (\$18,574,139.79), as provided in said agreement of March first, A. D. one thousand nine hundred and nineteen, and further treasury bills or notes to the amount of eight million three hundred and ninety-two thousand ninety-seven dollars fifty-seven cents (\$8,392,097.57), as provided in said agreement of August fifth, A. D. one thousand nine hundred and nineteen, and further treasury bills or notes to the amount of one hundred and ninety-six thousand four hundred and eighty-three dollars fifty-seven cents (\$196,483.57), as provided in said agreement of August twenty-first, A. D. one thousand nine hundred and nineteen. All of said obligations shall be in form satisfactory to the Treasurer of the United States and in accordance with the provisions of the several agreements above referred to, provided nevertheless that for convenience the parties shall be at liberty to make such changes in the form of said obligations including dates for payment of principal and interest as may be mutually agreed upon, and including such adjustments as are necessary to arrive at round sums for the amounts of said obligations.

ARTICLE TWO. In addition to the foregoing payments Belgium releases the United States from any and all debts, claims, and liabilities whether in contract or tort which Belgium now has or may have by reason of any act done or engagement entered into on or before the thirty-first day of October, A. D. one thousand nine hundred and nineteen, for materials or services furnished to or damage done by the American forces in Europe except as hereafter stated. In this release are included all claims for transportation furnished to the American Red Cross, the American Young Men's Christian Association, the American Young Women's Christian Association, the Knights of Columbus, the Jewish Welfare Board, and the American Salvation Army.

ARTICLE THREE. The United States hereby accepts the foregoing obligations and release as full payment for all indebtedness existing between Belgium and the American forces in Europe, and hereby releases Belgium from any and all debts, claims, and liabilities, whether in contract or tort, which the United States now has or may have by reason of any act done or engagement entered into on or before the thirty-first day of October, A. D. one thousand nine hundred and nineteen, for materials and services furnished by or damage done to the American forces in Europe except as hereinafter stated.

ARTICLE FOUR. It is expressly understood that the releases contained in Articles Two and Three above do not apply to contracts and other obligations entered into, or incurred in the United States, including an advance of money by the Belgian Government to the credit of Lieutenant James Pede, Quartermaster Corps, on or about July four, one thousand nine hundred and nineteen, but cover only transactions between the parties hereto entered into or occurring in Europe, including all claims for the cargoes of the steamships *Auburn* and *Aledo*. Neither party hereto will present or prosecute any claim against the other for any such transaction occurring on or before October thirty-first, one thousand nine hundred and nineteen, except as hereinafter provided.

ARTICLE FIVE. From the releases contained in Articles Two and Three above are hereby excepted the following obligations arising out of transactions prior to October thirty-first, A. D. one thousand nine hundred and nineteen.

A. The obligation of the Belgian Government to furnish and pay the treasury bills or notes stated in Article One hereof.

B. The United States will guarantee the payment to Belgium of the ordres de transport signed by American officers, which it contends are properly payable by Great Britain, provided nevertheless that the total amount guaranteed shall in no event exceed the sum of thirty thousand francs (30,000.00 frs.).

C. The United States will re-pay to Belgium whatever sum it may be obliged to pay the French railroads for the supplies furnished to Belgian locomotives rented to the American forces, not exceeding in the aggregate the sum of twenty-five thousand francs (frs. 25,000.00), provided that a claim for the sum so expended is presented within six months from the date of this instrument.

ARTICLE SIX. For the considerations above named Belgium agrees to save the United States harmless from any and all claims of whatever nature against the United States or members of its military or naval forces on the part of any railway company within the limits of the Kingdom of Belgium, whether such railway company is the property of the Belgian Government or not; and also against all claims on the part of any person or corporation furnishing services to the American Army at Antwerp under the authority of the Ministre des Chemins de Fer, Marine, Postes et Telegraphes.

ARTICLE SEVEN. Belgium further agrees to furnish to the military and naval forces of the United States during the term of three years from the date of these presents, railway transportation in Belgium for persons and property at rates not exceeding those which may at the time be in force for the transportation of persons and property of the Belgian Army.

ARTICLE EIGHT. Any sums of money which may be payable by the United States to Belgium by reason of items B and C of Article Five hereof may at the option of the United States be paid in cash or by the cancellation of an equivalent amount of principal of the obligations mentioned in Article One hereof.

ARTICLE NINE. Whereas Belgium contends that all debts contracted by her up to November eleventh, A. D. one thousand nine hundred and eighteen, are on the same footing as loans, as far as concerns the application of article two hundred and thirty-two of the treaty of peace between the Allied and Associated Powers and Germany concluded at Versailles, and of a letter of sixteenth June, A. D. one thousand nine hundred and nineteen, from Messrs. Clemenceau, Woodrow Wilson, and Lloyd-George to M. Hymans, minister of foreign affairs of Belgium.

It is understood and agreed that the total debts of Belgium contracted for services and materials furnished up to November eleventh, A. D. one thousand nine hundred and eighteen, which are included in this settlement amount to four million five hundred and seventy-five thousand one hundred and thirty-three francs fifty centimes (frs. 4,575,133.50) and that nothing herein contained shall prejudice any action that the Government of the United States may take under or by virtue of said treaty and letter.

In witness whereof on the day and year first above written this instrument has been executed in four duplicate originals by the United States of America through the chairman of the United States Liquidation Commission—War Department, and by the Government of the Kingdom of Belgium through the minister of finance.

(Signed) LEON DELACY,  
*Ministre des Finances.*  
EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

Signed by both parties in presence of Frederic Gilbert Bauer, Lieut. Col., J. A.

U. S. bill No.	Articles billed.	Dollars.	Francs.	Belgian bill No.	Articles billed.	Dollars.	Francs.
	DEBIT.				CREDIT.		
Medical	Hospitalization.....	323.75			Credit for fantry deliveries as per agreement of Nov. 1, 1919, between Col. Horton and Capt. Warrant.....	405,679.73	
Engr.	Barracks.....	2,879,102.46			Credit for buttons cut from overcoats, etc., sold Belgium as per agreement between Lieut. Col. Bauer and Capt. Warrant.....	119,432.06	
Q. M.	Overcoats.....	240,356.00	4,550.00		Rent for locomotives.....		3,636,450.00
	Clothing.....	2,000,710.71			Supplies for locomotives.....		670,385.59
	Food.....	611,017.58	4,638.38	A	Repairs to locomotives.....		516,900.00
	Gasoline and oil.....			B	Tools for locomotives.....		258,868.93
	Clothing.....	163.39		C	Fuel for locomotives.....		13,959.00
	Clothing.....	180,360.90		D	R. R. transportation.....		2,035,696.68
	Subsistence.....	534,582.00		E	Damages to barracks.....		609.14
	Clothing.....	293,524.07		F	Straw and wood.....		3,510.00
	Soap issue.....	610,516.80		G	Gasoline and oil.....		30,462.07
	Horses cavalry.....			H	Telephone service.....		3,664.95
	Leather, vegetable.....			I	Hospitalization American soldiers.....		8,190.00
	Salmon.....	201,600.00		J	Trench boards.....		150,000.00
	Forage.....	286,447.35		K	Rental of camps at Auvours and Parigny Leveque.....		5,000.00
	Transportation.....			L	Allowance for articles delivered and services rendered but not yet billed.....		3,010.00
	Subsistence.....	997,021.65		M	1 set of type equipments with weapons of each arm of Belgium service.....	337.73	
	Clothing.....	120.06		N	Sales to Antwerp base of office supplies.....		
	Soap issue.....	258,294.00		O	Antwerp port charges and Rhine transportation.....	331,412.48	
	Subsistence.....	7,223.52		P	Balance due U. S.....	27,094,136.22	
	Leather, soap.....	363,243.67		Q			
	Clothing.....	4,350,265.84					
	Clothing.....	11,450.88					
	Leather, sheepskins.....		160,857.81				
	Clothing.....	2,680,201.00					
	Clothing.....	175,215.00					
	Transportation.....	21,656.23					
	Subsistence.....	1,025,508.33					
	Gasoline and oil.....	91.44					
	Subsistence.....	293.94					
	Office supplies.....	196,483.57					
	Subsistence, etc.....	7,366,589.24					
	Clothing.....	2,162,255.75					
	Subsistence.....	2,255.11					
Signal	Subsistence.....	25,476.50					
	Axes, tools, etc.....						
	Signal Corps apparatus.....	6,574.00					
Engr.	Cannons in England.....	134,845.00					
	R. R. material.....	334,412.48					
Transpt.	Machine tools.....		1,914,151.00				
A	Coal at Ossel.....		44,727.35				
B	Fuel on locomotives.....		15,325.40				
C	Spare parts.....		260,080.80				
D							
		27,954,117.22	7,730,486.78			27,954,117.22	7,730,486.78

The balance due the U. S. is-----	\$27, 094, 195. 22
And francs 373,465.42 at 5.45 as per bill of sale-----	68, 525. 71
Total-----	<u>27, 162, 720. 93</u>

For which Belgium in final contract of November 7, 1919, furnishes treasury bills or notes—

Applying on sales contract of Mar. 1, 1919-----	18, 574, 139. 79
Applying on sales contract of Aug. 5, 1919-----	8, 392, 097. 57
Applying on sales contract of Aug. 21, 1919-----	196, 483. 57
	<u>27, 162, 720. 93</u>

An item of £1,160.00 for transportation of Belgian personnel from England to France on American vessels is not included hereon. The Belgians have accepted this account and order for its payment by draft on London in pounds sterling has been issued, but through delay on part of Belgian treasury department draft has not yet been delivered. It will be delivered in Brussels this week. [Delivered. See cable 1337, Noble to Parker, par. 3.]

The undersigned have examined the foregoing account on the part of the U. S. Liquidation Commission—War Department and the Government of the Kingdom of Belgium and find same to be correct both as to debits and credits.

For the U. S. Liquidation Commission—War Department:

(Signed) *FREDERIC GILBERT BAUER,*  
*Lieut. Col., Chief Finance Officer.*

For the Government of the Kingdom of Belgium:

(Signed) *N. WARNANT, Capitaine.*

## APPENDIX XVI.

(1) CONTRACT BETWEEN UNITED STATES OF AMERICA AND OWEN CLEGG, JAMES TODD, LT. COL. GEORGE W. PARKINSON, ARTHUR HUNTLEY WALKER, SOCIÉTÉ ANONYME DARRACQ, A. DARRACQ & COMPANY (1905) LTD., CLEMENT TALBOT, LTD., OCTOBER 1, 1919.

This contract entered into this first day of October, A. D. 1919, by and between the United States of America (hereinafter called America), acting through the United States Liquidation Commission—War Department, of the one part, and Owen Clegg, James Todd, Lt. Col. George W. Parkinson, Arthur Huntley Walker, Société Anonyme Darracq, a corporation organized under the laws of France; A. Darracq & Company (1905) Ltd., a corporation organized under the laws of Great Britain, and Clement Talbot, Ltd., a corporation organized under the laws of Great Britain (hereinafter called the purchasers), of the other part, witnesseth:

That for the consideration hereinafter mentioned, the parties agree as follows:

ARTICLE ONE. *Property and supplies sold.*—America agrees to and does hereby sell to the purchasers without warranty of quantity, quality or condition, and the purchasers agree to and do hereby purchase from America all of the surplus motor vehicles, motor property, immobile equipment, spare parts, supplies, oils, gasoline, kerosene, grease, carbide, drums, bidons, etc., of the American Forces in Germany substantially as listed on a schedule hereto attached as part hereof, the same consisting of an index summary and sheets numbered from 1 to 15 inclusive, marked "Exhibit A" hereto attached as part hereof (except the property described in subdivisions *b* and *c* of Article Four

hereof), together with all of the motor transport equipment located in Motor Reception Park No. 1 at Sinzig, Germany, in Motor Reception Park No. 3 at Coblenz-Neuendorf and Coblenz-Lutzel, Germany, and in Motor Reception Park No. 4 at Bitburg, Germany, whether the same is or is not listed on Exhibit A, and America will not, without the purchasers' consent, increase or decrease the amount of motor transport equipment contained in said motor reception parks on September 19, 1919.

ARTICLE TWO. *Title.*—Title to the supplies and property hereby sold shall pass to the purchasers upon the signing of this agreement.

ARTICLE THREE. *Purchase price and terms of payment.*—The purchase price shall be three million two hundred and fifty thousand pounds sterling (£3,250,000), payable in the following installments on the following dates:

October 1, 1919. Twenty thousand pounds-----	£20, 000
October 11, 1919. One hundred thousand pounds-----	100, 000
November 1, 1919. Two hundred five thousand pounds-----	205, 000
December 1, 1919. Two hundred fifty thousand pounds-----	250, 000
January 1, 1920. Six hundred sixty-eight thousand seven hundred fifty pounds -----	668, 750
February 1, 1920. Six hundred sixty-eight thousand seven hundred fifty pounds-----	668, 750
March 1, 1920. Six hundred sixty-eight thousand seven hundred fifty pounds -----	668, 750
April 1, 1920. Six hundred sixty-eight thousand seven hundred fifty pounds -----	668, 750
	<hr/> 3, 250, 000

The first payment of twenty thousand pounds (£20,000) has been made and America acknowledges the receipt thereof. All payments after the first payment of twenty thousand pounds (£20,000) shall be made to the chief quartermaster of the American forces in Germany, now stationed at Coblenz, through the general sales agent, American forces in Germany, or, at the election of the War Department of America, at such bank or trust company in London, England, or Paris, France, as the said War Department may designate.

ARTICLE FOUR. *Shortages or excesses of property or supplies sold.*—A check shall be made by the representatives of the parties before November 7th, 1919, of the property and supplies hereby sold.

In the event that such check should disclose that there are substantially lesser or greater quantities of any of the property and materials sold than the quantities thereof listed in Exhibit A, the "prices" of the property or materials short and of the property and materials in excess shall be determined in the following manner, and the net difference between the total "prices" of all of the property or material short and the total "prices" of all of the property or materials in excess shall be deducted from the purchase price provided in Article Three, if such net difference discloses a net shortage and shall be added thereto if such net difference shows a net excess.

(a) The "prices" of the property or materials described in Exhibit A, and of similar property and materials, are agreed to be (but solely for the purposes of this article and for the purposes of subdivision (d) of Article Five hereof) the following:

Of the motor vehicles and equipment listed at pages 1 to 12, inclusive, of Exhibit A the "price" of each unit is 35½ per centum of the unit resulting value thereof, as set forth in Exhibit A, ascertained as to each article by dividing the "resulting value" of such articles by the number thereof, as shown on said pages of said Exhibit A. Provided, however, that the value

of the E and F class vehicles referred to in subdivision (b) of this Article shall be ascertained and credited as provided in said subdivision.

Of the gasoline, oil, etc., listed on page 15 of Exhibit A, the "price" of each unit is the unit cost thereof as set forth on said page of said Exhibit A.

Of the immobile equipment and hand tools in M. T. C. Overhaul Park, Coblenz, Germany, and of the spare parts in spare parts depot, Coblenz, Germany, listed on pages 13 and 14 of said Exhibit A, the "price" of each unit is the unit resulting value thereof ascertained as hereinbefore provided, from inventories which the general sales agent, American forces in Germany, has on hand and will submit to the purchasers.

Of the solid tires, casings, tubes, rims, and tire carriers in spare-parts depot, Coblenz, Germany, listed on page 14 of Exhibit A, the "price" of each unit is the unit resulting value thereof, ascertained as hereinbefore provided, from the "resulting values" and "numbers" set forth on said page 14 of Exhibit A.

(b) There are excepted from this sale such E and F class vehicles listed on Exhibit A as America may require for repair of vehicles now in use by the American forces in Germany, and shall have removed from said motor reception parks before October 5, 1919, and the purchasers shall be credited on account of the purchase price provided in Article Three hereof an amount equal to 35½ per centum of the unit resulting value of said E and F vehicles so excepted, as shown in said Exhibit A, multiplied by the number of units thereof.

(c) There are also excepted from this sale the seven 25-kilowatt generator sets installed in the shop at Coblenz-Lutzel, and the purchasers shall be credited therefor on account of the purchase price provided in Article Three hereof an amount equal to the full unit resulting value thereof, multiplied by the number of units thereof; but the purchasers shall have the right to use these generator sets in connection with the operation of the repair shop for such time as they desire, but not beyond the time that the American forces in Germany remain in military possession of said repair shops.

(d) The amounts to be credited or debited, as provided in this article, on account of the purchase price provided in Article Three, shall be credited or debited, as the case may be, on account of the last instalment of said purchase price.

(e) On or before November 7, 1919, the adjustment of the purchase price provided by this article shall be made on behalf of the purchasers by said Lt. Col. George W. Parkinson, or such other person as the purchasers shall designate in writing, and, on behalf of America, by the general sales agent, American forces in Germany, and a written statement of the result of said adjustment in six duplicate originals signed by them, shall, on or before said date, be made, and one copy thereof shall be annexed to each copy of this contract as part thereof, and shall have the same force and effect as though the same had been executed by the parties hereto as part hereof.

**ARTICLE FIVE. *Security.***—As security for the performance by the purchasers of their obligations under this agreement they have redelivered to America, which acknowledged the receipt thereof, all of the property and supplies hereby sold to them, to have and to hold the same in pledge in accordance with the following terms and conditions:

(a) America shall hold said property, at the sole risk of the purchasers, and after November 1, 1919, will be obligated only to furnish such guards, for a period of not exceeding one year from October 1, 1919, as may be necessary in the judgment of the commanding general, American forces in Germany, to give military protection thereto. The expenses of America for the use of the land and buildings on or in which said property, after November 1, 1919, shall

be situated, shall be paid by the purchasers. If after November 1, 1920, any of the property hereby sold shall remain in the possession of America, America may remove and store the same for, in the name of, and for the account and at the risk of the purchasers, and the cost of said removal shall be repaid by the purchasers to America and shall constitute a lien on said property, and the cost of the storage thereof shall constitute a lien thereon in favor of the person, firm, or corporation undertaking the storage thereof.

(b) In the event of default by the purchasers in the payment of the installments of the purchase price amounting to three hundred and five thousand pounds (£305,000) payable October 11th and November 1, 1919, or in the payment of the instalment of the purchase price amounting to two hundred and fifty thousand pounds (£250,000) payable December 1, 1919, America may, after giving ten days' written notice thereof to the purchasers in the manner hereinafter provided, without resort to judicial proceedings or otherwise, declare this agreement to be canceled, and thereupon, this agreement shall be canceled, and all of the property and supplies hereby sold by America to the purchasers shall revert to and become the absolute property of America, and the sums paid by the purchasers to America prior to such cancellations shall be retained by America as liquidated damages for breach of this contract, and the parties hereby agree that said sums, in said event, would fairly represent the amount of damages that would be sustained by America on account of said breach.

(c) In the event of the default by the purchasers in the payment of any of the installments of the purchase price or in the payment of any other sums payable by the purchasers to America under this agreement, America may declare the entire unpaid balance of the purchase price, or any part thereof, immediately due and payable, and, thereupon, the same shall be due and payable, and America may, after giving ten days' written notice thereof to the purchasers in the manner hereinafter provided, without judicial proceedings of any kind, sell at public or private sale, in bulk or in installments, and from time to time, at such price or prices as America, in her sole discretion may deem to be reasonable under the circumstances, any or all of the property hereby pledged, and shall apply the net proceeds thereof after deducting the expenses of sale and delivery, to the payment of the amount due to America under this agreement, and shall pay over the balance thereof, if any, to the purchasers.

If after any sale as aforesaid there then should remain unpaid any balance payable under this agreement by the purchasers to America, the purchasers shall, jointly and severally, be liable for the payment thereof to America, and if there then should remain in America's possession any of the property hereby pledged the same shall remain subject to the lien of said pledge and may be sold as hereinbefore provided and the proceeds applied as hereinbefore provided.

(d) After the payment by the purchasers of the installments of twenty thousand pounds (£20,000) payable October 1, 1919, and of the two installments of one hundred thousand pounds (£100,000) October 11th, 1919, and two hundred five thousand pounds (£205,000) November 1st, 1919, the purchasers may, from time to time, and upon paying to America additional amounts equal to the "prices" thereof ascertained as provided in subdivision (a) of Article Four hereof, and upon giving proper receipts therefor, take possession of any of the property or supplies hereby pledged; and the payments made as aforesaid shall be credited on account of the installments of the purchase price payable as provided in Article Three (adjusted as provided in Article Four hereof) and thereupon said property and supplies so delivered shall be free from the lien of this pledge.

When the aggregate amount of all of the sums paid by the purchasers to America, under this agreement, shall equal the entire amount payable by the

purchasers to America thereunder, all of the remaining property and supplies hereby sold shall be released from the lien of this pledge and shall be forthwith delivered to the purchasers.

ARTICLE SIX. *Miscellaneous provisions.*—The purchasers may from time to time repair and improve motor vehicles and equipment in the Overhaul Park, Coblenz, Germany, sold under this agreement.

ARTICLE SEVEN. The obligations of the purchasers under this agreement shall be joint and several.

ARTICLE EIGHT. This contract shall be interpreted in accordance with the laws of America as the same prevail in the District of Columbia.

ARTICLE NINE. The purchasers designate their office in Coblenz or Coblenz-Lutzel as a place where America may deliver any written notice provided for by this agreement or otherwise, and it shall also constitute a delivery of any such notice when the same has been deposited in the German or French mails, registered, postage prepaid, in an envelope addressed to Société Anonyme Darracq, at 33 Quai du General Gallieni, Suresnes, France.

ARTICLE TEN. The Quartermaster's Corps of the American forces in Germany shall sell to the personnel employed by the purchasers to handle the motor equipment, on orders signed by the purchasers or their authorized representatives, commissary food supplies at the prices charged therefor to civilian employees of the American forces in Germany, provided said food supplies are used solely for the subsistence of said personnel and for no other purpose.

ARTICLE ELEVEN. America will not permit within the area of Germany subject to its military control any tax or duty to be imposed or collected by Germany on account of the importation into Germany of any of the property or supplies hereby sold or on account of the exportation thereof by the purchasers from Germany.

ARTICLE TWELVE. The purchasers will not sell in France any of the property purchased without first procuring the consent in writing of M. Paul Morel, le Sous-Secrétaire d'Etat aux Finances, or of some other authorized representative of the French Government.

ARTICLE THIRTEEN. The commanding officer of the American forces in Germany will issue such passes or permits as may be necessary for the personnel employed by the purchasers to handle said motor equipment so that said personnel and persons negotiating with the said purchasers can enter and leave the occupied territory without hindrance or delay at all times.

ARTICLE FOURTEEN. So long as the American forces in Germany shall be entitled by requisition or lease to use the motor parks, grounds, and group of buildings known as the "Overhaul Park and Annex, Coblenz-Lutzel," but not longer than may be necessary for the purchasers to repair and ship the motor transport vehicles hereby sold, and in no event later than October 1, 1920, unless the commanding general, American forces, extend said period, the purchasers may use said grounds and buildings for the purpose of housing the personnel necessary to handle said property or for other necessary purposes connected with the carrying out of this agreement. The cost to America for the use and occupation of said grounds and buildings, while used as aforesaid by the purchasers, shall be reimbursed to America by the purchasers.

ARTICLE FIFTEEN. Each of the purchasers severally irrevocably constitutes and appoints the consul general and the vice consul of Great Britain at New York City, New York, and their successors, and each of them, his or its attorney in fact with full power for him or it and in the name, place, and stead of him or it, to receive or accept service of judicial process in any action, suit, or proceeding which America may bring against him or it on account of this agreement, or for the enforcement of the obligations thereof.



ARTICLE SIXTEEN. The general sales agent, American forces in Germany, or his successor, or such other person as the War Department of America may designate to the purchasers in writing, shall be the representative of America through whom shall be transmitted all reports, notices, or other communications relating to this agreement which the purchasers may desire to deliver or communicate to America.

In witness whereof, on the day and year first above written, this contract has been executed in six parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, of the one part; and by Owen Clegg; James Todd; Lt. Col. George W. Parkinson; Arthur Huntley Walker; Société Anonyme Darracq, acting through Owen Clegg, duly authorized thereto; A. Darracq & Company (1905), Ltd., acting through A. Huntley Walker and James Todd, duly authorized thereto; and by Clement Talbot, Ltd., acting through A. Huntley Walker, duly authorized thereto, on the other part.

UNITED STATES OF AMERICA,

By EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

OWEN CLEGG.

JAMES TODD.

G. W. PARKINSON, *Lt. Col.*

ARTHUR HUNTLEY WALKER.

SOCIÉTÉ ANONYME DARRACQ,

By OWEN CLEGG,

*Managing Director.*

A. DARRACQ & COMPANY (1905), LTD.,

By A. HUNTLEY WALKER, JAMES TODD.

CLEMENT TALBOT, LTD.,

By A. HUNTLEY WALKER.

Witness as to Edwin B. Parker, Owen Clegg, James Todd, Lt. Col. George W. Parkinson, Arthur Huntley Walker.

(Signed.) EDWARD T. NOBLE.

(2) CONTRACT BETWEEN UNITED STATES OF AMERICA AND OWEN CLEGG ET AL., DATED DECEMBER 3, 1919, SUPPLEMENTARY TO CONTRACT DATED OCTOBER 1, 1919.

Contract between United States of America and Owen Clegg et al., dated December 3, 1919, supplementary to contract dated October 1, 1919.

*Whereas*, heretofore, to wit, on the 1st day of October, A. D. 1919, a contract (hereinafter called "Original contract") was entered into between the United States of America (therein and hereinafter designated "America") on the one part, and Owen Clegg and others (therein designated "Purchasers" and hereinafter, together with The Motor Organizations, Limited, designated "Purchasers") on the other part, a copy of which said original contract (omitting the exhibits thereto) is hereunto attached and made a part hereof, marked for identification "Exhibit A"; and

*Whereas*, the said The Motor Organizations, Limited, a corporation incorporated and existing under and by virtue of the laws of Great Britain, of which Sir Percival Perry, James Todd, and Col. B. J. H. Fitzgerald are directors, has acquired an interest in and assumed obligations arising under the said original contract; and

*Whereas* it has been found impracticable to complete the checking of the properties acquired by the purchasers under the terms of the said original con-

tract and make the adjustments and state an account on or before November 7, 1919, as stipulated for in Article Four of the original contract; and

*Whereas* the purchasers have made the payments stipulated for in Article Three of the said original contract, which payments so made aggregate in amount £325,000, leaving a balance due by the purchasers to America of £2,925,000 (subject to additions or deductions in accordance with the provisions of Article Four of the original contract); and

*Whereas* the purchasers desire an extension of time and a readjustment of the dates of payment of such balance; and

*Whereas* Sir Percival Perry has assumed the active executive management of The Motor Organizations, Limited, and as such is in charge of conditioning and marketing the property acquired by the purchasers under the terms of the said original contract:

*Now, therefore*, in consideration of the premises and of the mutual undertakings herein mentioned, it is agreed between the parties hereto that the original contract shall be and it is hereby modified and amended in the following respects:

SECTION 1. The Motor Organizations, Limited, joins herein for the purpose of assuming, and does in all things assume, jointly and severally with the other purchasers, the obligations and undertakings arising under the said original contract and this supplement thereto, without, however, in any wise or to any extent releasing or modifying the joint and several obligations of the purchasers named in the said original contract.

SECTION 2. Sir Percival Perry joins herein for the purpose of agreeing, jointly and severally, with the other purchasers, and does hereby agree, jointly and severally, with the other purchasers, that so long as the purchase price, or any part of it, remains unpaid, he will (unless released from this obligation by America) be and remain the active and directing executive in control of and in active charge of the conditioning and marketing of the property acquired by the purchasers under the said original contract and any and all amendments thereto.

SECTION 3. The time for checking the said property, making the adjustments and stating the account, as provided by Article Four of the said original contract, shall be extended, and is hereby extended from November 7, 1919, to January 15, 1920. It is further agreed between the parties hereto that in making the said check, adjustments and statement of account America shall be represented by Lieutenant Colonel T. H. Kruttschnitt, and the purchasers shall be represented by Lieutenant Colonel G. W. Parkinson (or in the event of his inability or refusal to act, then by Sir Percival Perry); and in the event of their disagreement with respect to the classification or quantity of the equipment or supplies, or any other matter arising in connection with the said checking, adjustments, and the statement of an account, as provided for in the said Article Four of the said original contract, then in such event the decision of Lieutenant Colonel T. H. Kruttschnitt shall be final.

SECTION 4. The purchasers shall immediately on the signing of this contract deposit in the Guaranty Trust Co. of New York (Paris Branch) the sum of two hundred fifty thousand pounds (£250,000) in the name of Lieutenant Colonel T. H. Kruttschnitt, A. M. C., trustee, and the purchasers may draw upon said amount by checks countersigned by said trustee to defray the expenses of repairing, improving, and selling the property purchased under this contract; provided that at any time Lieutenant Colonel T. H. Kruttschnitt may require the purchasers to reinstate within ten days the original amount deposited if in his opinion or in the opinion of the War Department of the United States such reinstatement is necessary to the interests of the United States, and that upon ten days' written notice to the purchasers said trustee

may withdraw the entire amount of £250,000 to the credit of the United States on account of the purchase price of this contract; provided, further, that on July 1, 1920, any remaining balance of the two hundred fifty thousand pounds will be applied upon the payment due on that date, as provided for in section 5.

SECTION 5. The purchase price now remaining unpaid, namely, £2,925,000 (subject to additions or deductions, in accordance with the provisions of Article Four of the original contract and the provisions of this supplemental contract), shall be paid in three equal installments, the first maturing July 1, 1920, the second maturing December 1, 1920, and the third maturing April 1, 1921. The purchasers jointly and severally agree to pay, on the entire balance of said purchase price remaining unpaid on April 1, 1920, interest from said date until paid at the rate of five per centum (5%) per annum; the provisions of the original contract with respect to the payment of the principal to govern also the payment of said interest.

SECTION 6. Save as herein modified or amended, the said original contract shall be and it is hereby in all things continued in effect, ratified, confirmed, and reaffirmed.

In witness whereof, on the day and year first above written, this contract has been executed in six parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, of the one part; and by Owen Clegg, James Todd, and George W. Parkinson (lieutenant colonel); Arthur Huntley Walker; Société Anonyme Darracq, acting through Owen Clegg, duly authorized thereto; A Darracq & Company (1905), Ltd., acting through A. Huntley Walker and James Todd, duly authorized thereto; Clement Talbot, Ltd., acting through A. Huntley Walker, duly authorized thereto; by Sir Percival Perry individually, and by The Motor Organizations, Limited, acting through James Todd and Sir Percival Perry, Colonel Brinsley John Hamilton Fitzgerald, duly authorized thereto, on the other part.

UNITED STATES OF AMERICA,

By EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

OWEN CLEGG.

JAMES TODD.

G. W. PARKINSON, *Lt. Col.*

ARTHUR HUNTLEY WALKER.

SOCIÉTÉ ANONYME DARRACQ,

By OWEN CLEGG, *Managing Director.*

A. DARRACQ & COMPANY (1905), LTD.,

By A. HUNTLEY WALKER.

JAMES TODD.

CLEMENT TALBOT, LTD.,

By A. HUNTLEY WALKER.

PERCIVAL PERRY.

THE MOTOR ORGANIZATIONS, LIMITED,

By JAMES TODD.

PERCIVAL PERRY.

COL. BRINSLEY JOHN HAMILTON FITZGERALD.

Witness as to Edwin B. Parker:

EDWARD T. NOBLE.

Witness as to all the signatures of G. W. Parkinson, A. Huntley Walker, Owen Clegg, and James Todd:

J. H. WATSON, *150 New Bond St., London, Secretary.*

## APPENDIX XVII.

## INSTALLATIONS IN ENGLAND.

Name.	Buildings, number and kind.	Acreage.	Original cost.	Disposition.	Salvage recovered.	Loss on restoration.
Storage depots.						
Ditchford.....	2 steel.....	Acres. 15	£28,041	Sold to British Government.....	£8,000	.....
Slough.....	2 steel, 1 gal. iron, 27 wooden huts.....	32	28,992	Sold to an individual.....	12,000	.....
Rest camps and camp hospitals:						
Codford.....	Alterations to existing buildings.....	50	957	Turned over to British Government as part payment a/c restoration of land.		£81/2/6
Knotty ash.....	Huts, tents, storehouses, hospital wards, etc.....	250	410,503	Sold to individuals and corporations.....	76,328	.....
Winchester.....	Storehouses, huts, wards, etc.....	250	23,500	Rented to the U. S. A. by the British Government.		.....
Romsey.....	Storehouses, huts, wards, etc.....	50	11,023	Sold for joint a/c of U. S. and Great Britain.....		.....
Southernham.....	Kitchens, de-lousing huts, and latrines.....	20	127,366	Sold for joint a/c of U. S. and Great Britain.....	61,896	.....
Standon.....	Kitchens and latrines.....		(1)	Removed and sent to Knotty Ash.....		50
Base hospitals:						
Elford: Base Hospital No. 37.....		100	21,013	Turned over to owners of land in lieu of restoration.	461	.....
Hursley Park: Base Hospital No. 204.....		160	73,033	Turned over to owners of land in lieu of restoration.		21,000
Faignton: Red Cross Hospital.....		10	2,487	Turned over to owners of land in lieu of restoration.		6,000
Partford: Base Hospital No. 37.....		140	89,138	Turned over to owners of land in lieu of restoration.		20
Tottenham-London: Base Hospital No. 24.....		40	73,710	Turned over to owners of land in lieu of restoration.		.....
Portsmouth: Base Hospital No. 33.....		40	114,928	Turned over to owners of land as part payment for restoration.		418
Miscellaneous:						
Souhampton: garage.....		½	389	Turned over to owner of land as part payment of restoration.		312
Winchester: district laboratory.....		1/10	287	Turned over to owner of land in lieu of restoration.		.....
Swansea: Swansea docks.....						.....
London: Royal Albert docks.....						.....
Swansea.....		2	938	Removed to Slough.....		.....
American Aircraft Factory, Hollingwood.....	75 miscel. bldgs., 65 miles of sidings and spurs, cinder roads, cement walks.	366	1,277,595	Not yet disposed of.....	604,439	468,011
Aerodromes: Ford Junction, Sussex; Tangmere, Sussex; Rustington, Sussex; Ensworth, Sussex.....	119 miscel. bldgs.	696	1,252,483	Not yet disposed of.....		.....

† Included in cost of Winchester rest camps.

## APPENDIX XVIII.

## (1) FINAL CONTRACT OF SETTLEMENT.

BRITISH ARTILLERY AND ARTILLERY AMMUNITION CONVENTION, DATED AUGUST  
9, 1919.

Agreement between the Government of His Britannic Majesty and the Government of the United States with respect to artillery and artillery ammunition.

## DEFINITIONS.

The term "Great Britain," as used herein, shall be taken to mean the Government of His Britannic Majesty. The term "United States," as used herein, shall be taken to mean the Government of the United States of America. The term "Artillery," as used herein, shall be taken to mean artillery of all natures and calibers, including components, equipment, and spare parts, unless otherwise specified. The term "ammunition," as used herein, shall be taken to mean artillery ammunition of all natures and calibers referred to in the agreement, including components, unless otherwise specified.

## RECITALS.

From time to time, prior to October 19th, 1918, the United States placed orders with or entered into contracts with Great Britain, by which Great Britain agreed to manufacture, or caused to be manufactured and delivered to United States, certain artillery and ammunition of the natures and the calibers hereinafter mentioned. All such agreements were merged into and superseded by that certain agreement entered into between the United States and Great Britain on the 19th day of October, 1918, as evidenced by a letter from Edward R. Stettinius, special representative of the Secretary of War of the United States of America to the ministry of munitions of war, London, England, and the indorsement of acceptance thereon by Winston S. Churchill, minister of munitions, acting on behalf of His Britannic Majesty's Government, which letter and acceptance, together with Schedules I, II, and III, accompanying and forming a part thereof, are hereunto attached, made a part hereof, and marked for identification "Exhibit A." Schedules I and II thereof set forth the definitive orders placed under the aforesaid agreement.

In due time the United States notified Great Britain that it would not exercise its option to purchase the artillery specified in Schedule III of the said letter of October 19, 1918. Following the signing of the armistice of November 11, 1918, and on or about November 14, 1918, the United States notified Great Britain to suspend all further deliveries of artillery and ammunition provided for by the aforementioned contract of October 19, 1918.

The parties hereto now desire, as far as practicable, to relieve the United States from its obligation to accept and pay for the artillery and ammunition, covered by the said contract of October 19, 1918, in so far as this can be accomplished without loss to Great Britain, and so to readjust the calibers, types, and natures of said artillery and ammunition to be taken and paid for by the United States as will best meet its needs under changed conditions.

## AGREEMENT.

Now, therefore, in consideration of the facts as embraced in the foregoing recitals, and of the respective undertakings of the contracting Governments, parties hereto, it is mutually agreed as follows:

ARTICLE I. Great Britain will deliver to the United States, and the United States will take artillery and artillery ammunition as follows, and pay to Great Britain the cost thereof, to Great Britain being a total of £6,637,598.

It is understood and agreed between the contracting parties that this amount, as set forth in detail below, represents as nearly as possible the cost of articles to be supplied under this agreement, without further discussion or determination of prices.

## GUN EQUIPMENTS.

Nature.	Cost per unit.	Number of units.	Total value.
8-inch howitzer, Mark VII.....	£6,295	84	£528,780
8-inch howitzer, Mark VI.....	6,390	64	408,960
6-inch gun, Mark XIX.....	6,374	100	637,400
6-inch gun bodies complete with breech mechanisms.....	2,060	50	103,000
60-pounder gun.....	5,210	200	1,042,000
			2,720,140

## GUN AMMUNITION.

8-inch high explosive.....	£13. 10. 0	1 170,000	£2,295,000
8-inch gun high explosive.....	9. 15. 0	1 25,000	243,750
Shrapnel.....	10. 5. 0	1 25,000	256,250
60-pounder high explosive.....	6. 0. 0	2 33,500	201,000
Shrapnel.....	6. 3. 4	2 33,500	206,583
High explosive.....	5. 5. 0	1 66,500	349,125
Shrapnel.....	5. 10. 0	1 66,500	365,750
Total.....			3,917,458
Grand total.....			6,637,598

Component.

2 Complete rounds.

Of the 200 60-pounder guns embraced in the foregoing schedule Great Britain may, at its election, furnish sixty (60) partly worn guns, in which event it will without further expense to the United States deliver with each partly worn gun a new tube for relining same. The said tubes shall be rough bored and furnished on the outside for shrinkage.

The term "complete rounds" as used in the foregoing schedule (and elsewhere in this contract) shall be taken to mean shells fully assembled, loaded (or filled), fuze (or with fuzes packed separately, following the standard practice for safety in shipment and storage) and ready for use, together with the propellant and primer. The term "components" as used in the foregoing schedule (and elsewhere in this contract) shall be taken to mean that all of the parts of the shell shall be complete in themselves, ready for assembling and loading (or filling) but unassembled, and the shells unloaded (or unfilled); the propellant and components of the explosive charges will be delivered in bulk in satisfactory containers, and the cartridge bags and primers, fuzes, and other components will be delivered separately.

The condition of the artillery material to be delivered under this contract will be as follows:

(a) Except as otherwise specified all material to be new or relined guns with no firing except the normal proof firing and carriages either new or

repaired. The new and relined guns and the new and overhauled and repaired carriages will have gone through and passed the standard British inspection for material to be passed into service.

(b) *8'' howitzer, Mark VII.*—Approximately 30 of these will be new—that is, the guns will be new or relined, having been fired only the usual number of proof rounds. The carriages will be new or thoroughly overhauled and repaired. The balance of these howitzers will have been fired a limited number of rounds, in no case more than 1,000, and it will be understood that no howitzers will be accepted which show more wear than the normal wear for 1,000 full rounds. The carriages will be new or entirely overhauled and repaired.

(c) *8'' howitzer, Mark VI.*—These will all be what British term "new material"—that is, guns either new or relined, fired only the usual number of proof rounds. Carriages either new or entirely overhauled and repaired.

(d) *6'' guns, Mark XIX.*—Same remarks as for 8'' howitzers, Mark VI.

(e) *60-pounder guns.*—140 of these guns and carriages will be new—that is, guns will be new or relined and fired only the usual number of proof rounds. Carriages either new or entirely overhauled and repaired. The additional 60 60-pounder guns will be partly worn: as many as possible will be less than 50% worn. Carriages will either be new or entirely overhauled and repaired.

ARTICLE II. The United States agrees to deliver and Great Britain agrees to accept ninety thousand (90,000) complete rounds of 9.2'' howitzer ammunition, heretofore manufactured by Great Britain, now owned by the United States and in the hands of the American Expeditionary Forces, in France.

ARTICLE III. In consideration for the undertaking on the part of the United States, set forth in Article II hereof, Great Britain agrees to deliver, and the United States agrees to accept in addition to the ammunition specified in Article I.

(a) Fifty thousand (50,000) rounds (components) H. E. shells for 60-pounder guns.

(b) Two hundred and sixty thousand (260,000) rounds (components) of shrapnel for 60-pounder guns.

It is understood, however, that the figure of the 90,000 complete rounds of 9.2'' howitzer ammunition referred to in Article II is approximate only, and that the number may run somewhat more or less than 90,000 rounds.

ARTICLE IV. The 67,000 complete rounds of artillery ammunition for 60-pounder guns referred to in Article I shall be delivered by Great Britain at Calais, France, and shall there be placed by Great Britain free of charge to the United States upon vessels designated by the United States, the United States accepts responsibility for an accident or explosion occurring in the course of loading on the said designated vessels.

The artillery units and remaining artillery ammunition referred to in Articles I and III shall be delivered by Great Britain at a port or ports to be agreed in Great Britain (with the exception of explosives, which shall be delivered at Liverpool, except 873 short tons of cordite, which shall be delivered free on rail at L'Assomption, Canada, and 402 short tons of nitrocellulose, which shall be delivered free on rail at Upton's Pit, Canada) and shall there be placed by the United States upon vessels designated by them.

But if later the situation should arise that the United States have not sufficient personnel to carry out this work, the material shall be placed by Great Britain upon ships to be designated by the United States.

During the period in which the United States has the necessary organization at the port of delivery, the United States shall bear all the costs of off-loading

from railway trucks and loading on to the ship and during the period when Great Britain undertakes the loading of the ship, Great Britain in its turn shall bear these charges.

From time of delivery in truck at the port or rail, as the case may be, the United States accepts responsibility for any accident or explosion occurring from the said material. Great Britain accepts responsibility for any accident or explosion occurring from said material until it is delivered at the port or rail and, during the period, if any, when Great Britain undertakes the loading under par. 3 of this article until it is delivered into ships.

The 90,000 complete rounds of 9.2" howitzer ammunition referred to in Article II shall be delivered by the United States to Great Britain on vessels at a port or ports of Great Britain to be agreed, and there unloaded from the vessels by Great Britain, and Great Britain accepts liability for any accident or explosion occurring in the course of unloading at the port of delivery.

ARTICLE V. Each four of the artillery units referred to in Article I shall comprise the equipment and store prescribed for a battery of four pieces in the equipment lists annexed hereto, marked for identification, Exhibits "B," "C," "D," and "E."

ARTICLE VI. Payment for the artillery and ammunition specified in Article I hereof shall be made as follows: Ninety per centum of the contract price thereof shall be payable to Great Britain upon the execution of this contract, payment of a bill for this proportionate amount having been authorized by the United States Liquidation Commission, War Department, as payment on account and in advance of deliveries and five per centum thereof shall be payable upon the completion of deliveries of the ammunition and of the artillery, equipments, and stores specified in Exhibits "B," "C," "D," and "E," hereto annexed, except the stores described in these exhibits as "spares," and five per centum thereof upon completion of all deliveries due under Article I of the contract.

ARTICLE VII. In addition to the normal equipment of these batteries, as specified in Article V, Great Britain agrees to deliver, and the United States agrees to accept and pay for the additional spare parts for these gun equipments shown on list hereto attached and marked for identification Exhibit "F."

The United States agrees to pay to Great Britain (in addition to the total sum of £6,637,598 referred to in Article I), upon delivery of these additional spare parts, the unit prices as set forth on this list, which represent the cost of these articles without profit to Great Britain. Where prices are not specified in the list the prices to be paid shall be sums representing cost of the articles without profit to Great Britain.

ARTICLE VIII. The obligations arising under this agreement shall completely and in all things supersede those arising under the aforementioned contract of October 19, 1918, and all other agreements heretofore made, binding the United States to accept from Great Britain and pay for artillery or artillery ammunition: *Provided, however*, the United States shall not be relieved of its obligation to pay for all artillery components, spare parts and ammunition, heretofore delivered to it by Great Britain prior to November 14, 1918, or that were in the course of delivery on that date and were actually delivered prior to January 1st, 1919, and for which it has not yet paid.

ARTICLE IX. Great Britain agrees and obligates itself (so long as it may continue to produce the same) at cost to it, to supply the United States with spare parts and materials or components required by the United States from time to time for the maintenance of the artillery delivered by Great Britain to, and paid by, the United States in pursuance of the terms hereof.



ARTICLE IX. Great Britain agrees and obligates itself to supply the United States with two complete sets of prints, sufficiently translucent to have blue prints made therefrom, of all general and detailed drawings of the artillery and ammunition to be delivered hereunder, including drawings of all tools and accessories, sights and accessory vehicles, to be delivered with the foregoing artillery and ammunition.

The United States agrees and obligates itself not to publish the said prints and to treat as confidential any prints which are so marked.

In witness whereof, the undersigned have subscribed these presents upon behalf of their respective Governments, as of this, the 9th day of August, A. D. 1919.

(Sgd.) E. D. BRICKER,  
*Colonel, Ordnance Department, for Chief of Ordnance,  
 War Department, United States of America.*  
 (Sgd.) A. WATSON,  
*Representative of Minister of  
 Munitions of Great Britain.*

Witness:

(Sgd.) R. E. KIMBALL,  
*Lt. Col., Ord. Dept.*

Approved:

UNITED STATES LIQUIDATION COMMISSION,  
 WAR DEPARTMENT.  
 (Sgd.) EDWIN B. PARKER, *Chairman.*

(2) COVERING LETTER ON ARTILLERY AND AMMUNITION SETTLEMENT—JUDGE PARKER TO MR. LAYTON.

AUGUST 9, 1919.

Subject: Settlement of claim of Great Britain against the United States War Department for artillery and ammunition.

Mr. W. T. LAYTON.

*Ministry of Munitions, London, England.*

MY DEAR MR. LAYTON: In connection with the execution of the contract dated August 9th, signed by Mr. Watson representing Great Britain, and by Colonel Bricker representing the War Department of the United States, evidencing the full and complete settlement of all claims of Great Britain against the War Department of the United States, involving undertakings on the part of Great Britain to furnish to the United States War Department artillery and ammunition, it is understood:

1. This contract as executed evidences a full, complete, unqualified, and unconditional settlement of the matters therein dealt with.

2. It now develops, however, that Great Britain may not be able to furnish out of stock all of the spare parts called for by the contract for some of the 8-inch howitzers, not exceeding 61 in number, and Great Britain contends that, as the schedule of units to be delivered by Great Britain to the United States was changed at the request of, and for the benefit of the United States, Great Britain should not now be required to incur additional expense to manufacture these spare parts for the benefit of the United States; and you suggest that if the cost to Great Britain of producing the spare parts in question should exceed 50,000 pounds, such excess cost should be equally divided between Great Britain and the United States.

3. In behalf of the United States I decline to commit the United States to pay any part of this possible excess cost, but agree that when the facts are

fully developed, and you are in a position to advise to what extent, if at all, it is necessary for Great Britain to manufacture additional spare parts in order to comply with the contract, your proposition will then be further examined and considered by the representatives of the United States, without commitment, however, to modify the contract in any particular.

4. Without committing the United States to the recognition thereof, it is also understood that Great Britain is not foreclosed by this contract to present her claim, if any she has, for interest or for excess value, if any, of material obtained for the replacement of British material used in the manufacture of artillery and ammunition described in said contract.

Yours very sincerely,

(Sgd.) EDWIN B. PARKER, *Chairman*.

Mr. Layton acknowledged the receipt of the above letter on August 13, 1919.

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## APPENDIX XIX.

### AUSTRALIAN WOOL SETTLEMENT.

(Par. 6. Cuthell-Inverforth agreement of May 10, 1919.)

The United States agrees to pay for the wool purchased from Great Britain under the contract of October 1, 1917, on the basis of the civil issue price, less two and one-half pence ( $2\frac{1}{2}$ d.), in accordance with the bills already rendered, covering approximately 247,000 bales. The United States also agrees to pay the bills rendered by Great Britain for storage and insurance in Australia and for interest on delayed payments under this contract, amounting approximately to \$850,000, and the United States agrees to waive all claims to a military rebate on the entire 247,000 bales or any portion thereof.

The United States Government agrees to pay for the 115,000 bales already shipped under contract of November 7, 1918, on the basis of the civil issue price, less two and one-half pence ( $2\frac{1}{2}$ d.), in accordance with the bills already rendered, and agrees to pay the one penny per pound premium for selection, as set forth in the contract, waiving any question as to whether this selection was obtained. There shall be no claim for interest or storage made against the United States covering any of the wool undelivered under this contract by Great Britain.

Great Britain agrees to cancel without cost to the United States all obligations on its part to take delivery of the undelivered portion of the wool covered by said contract of November 7, 1918, the total of which amounts approximately to 210,000 bales. The contract with regard to such 210,000 bales of wool is hereby agreed to be null and void.

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## APPENDIX XX.

### CHATEAUX ROUX TANK PLANT SETTLEMENT (AUGUST 8, 1919).

Agreement between the Government of His Britannic Majesty and the Government of the United States of America with respect to the Chateaux roux tank project.

## DEFINITIONS.

The term "Great Britain" as herein used means the Government of His Britannic Majesty. The term "United States" as herein used means the Government of the United States of America. The term "Chateauroux plant" as herein used shall be taken to mean the projected work of construction to be undertaken in France pursuant to the contract between the United States and Great Britain, such contract being dated January 22, 1918, a copy of the same being hereto attached, marked Exhibit "A," and such term shall be deemed to include all matters and acts to be done or performed by either Government under such contract, other than the manufacture of components for tanks provided for by subdivision 2 of paragraph 1 of the said contract, and the replacement of steel as provided for by paragraph 6 of said contract.

## RECITALS.

By reason of the armistice the necessity for carrying out the contract between the parties dated January 22, 1918, Exhibit "A" having terminated and the work of erecting and equipping Chateauroux plant having, by mutual agreement, been discontinued, and there existing against the French Republic (hereinafter called France) an equitable claim on account of the allotment to it of 750 of the tanks allotted to Great Britain and 150 of the tanks allotted to the United States under said contract, and France having tentatively agreed to purchase from Great Britain and the United States the Chateauroux plant and to pay therefor and in consideration of the aforesaid equitable claim the sum of twenty million francs, and the parties hereto desiring to adjust and settle their respective interests in said consideration and to liquidate, adjust, and settle the matters covered by said contract of January 22, 1918, agree as follows:

## AGREEMENT.

ARTICLE I. The expenditures of the parties incurred in carrying out said contract of January 22nd, 1918, other than these contracted for pursuant to subdivision 2, paragraph 1 thereof, shall be divided equally between the parties.

ARTICLE II. The work of liquidation, including the sale of property and the settlement of all claims of contractors or third parties not already concluded, shall be conducted by Great Britain. To the end that the liquidation may be carried out to the best advantage, further expenditures may, if necessary, be authorized by Great Britain, materials may be accepted, indemnity under existing contracts and subcontracts paid, land purchased, and other acts deemed essential to the best interests of the respective Governments and the proper liquidation and preservation of the assets may be done and performed.

ARTICLE III. An account shall be taken every six months of all moneys paid out and expended by the respective Governments in pursuance of the contract, including settlements and indemnities paid in contemplation of the abandonment of the project, and each Government shall pay to the other whatever balance may be due from it as shown by such account; provided, however, that expenditures made by either Government pursuant to the provisions of subdivision 2 of paragraph 1 of the contract shall not be included. It is further agreed that expenditures made by either Government pursuant to the provisions of subdivision 2 of paragraph 1 of the contracts are declared equal and are set off, the one against the other. Each Government shall retain title to all material manufactured by it pursuant to the provisions of subdivision 2

of paragraph 1 of said contract, and neither Government shall make any claim for reimbursement on account of expenditures made by it pursuant to the provisions of subdivisions 2 of paragraph 1, nor are such expenditures to be in any manner taken into account in settling the obligations of the parties pursuant to this agreement.

ARTICLE IV. The commission created by the agreement of January 22nd, 1918, consisting of Lieutenant Colonel A. G. Stern, Q. M. C., and Major J. A. Drain, U. S. R., is hereby dissolved.

ARTICLE V. The obligations devolving upon the United States by virtue of paragraph 6 of the contract of January 22, 1918, are hereby discharged, and the rights created thereby in favor of Great Britain are waived and relinquished by the Government of Great Britain.

ARTICLE VI. The factory built pursuant to said contract of January 22, 1918, shall be sold to France pursuant to the agreement heretofore tentatively agreed upon whereby France is to pay as the purchase price thereof and in consideration of the equitable claim heretofore referred to the sum of twenty million francs, and said sum shall be divided between the parties hereto in the proportion of seventy per centum thereof to Great Britain and thirty per centum thereof to the United States.

In witness whereof the undersigned have subscribed these presents on behalf of their respective Governments as of the 8th day of August, nineteen hundred and nineteen.

(Signed) A. WATSON,  
*Representative of the Minister of Supplies of His Britannic Majesty.*  
EDWIN B. PARKER,  
*Chairman of the United States Liquidation Commission,  
War Department of the United States Government.*

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## APPENDIX XXI.

### (1) FINAL CONTRACT OF SETTLEMENT OF THE CHATEAUX TANK PROJECT (OCT. 4, 1919).

Agreement between His Britannic Majesty's Government and the United States of America in final settlement of the Chateaux tank project.

This agreement is supplemental to the agreement dated August 8, 1919, signed by A. Watson on behalf of His Britannic Majesty's Government and Edwin B. Parker on behalf of the United States of America, and supersedes the same in so far as anything herein contained may be inconsistent therewith.

In consideration of the mutual agreements herein contained, it is agreed as follows:

ARTICLE I. Promptly upon receipt of the twenty million francs (frs. 20,000,000) mentioned in Article VI of said agreement of August 8, 1919, above described, Great Britain or the Anglo-American Commission, as the case may be, shall pay six million francs (frs. 6,000,000) thereof to the United States. Against receipt of said six million francs (frs. 6,000,000) the United States shall pay the ministry of munitions of His Britannic Majesty's Government the sum of fifty-four thousand and ninety-five pounds sterling (£54,095). Such payment by the United States shall be full performance of Article I of said agreement of August 8, 1919, and together with such payment by Great Britain shall constitute a full and final settlement of the affairs of the Anglo-American Commission and of the Chateaux tank project and of all interest

and liability of every nature of the United States in respect thereto, except as to the item "hidden loss on steel" hereinafter mentioned.

ARTICLE II. It is agreed that the statement designated "Schedule I" hereto attached and made a part hereof, together with all items and amounts therein contained except said item "hidden loss on steel," shall be considered a final and conclusive statement of the affairs of the Anglo-American Commission.

ARTICLE III. Neither Government shall present against the other any further claim in respect to the above described tank project except "hidden loss on steel" as hereafter provided. In the event that upon liquidation, by the Anglo-American Commission, or by Great Britain, of any further assets which accrue to Great Britain, a sum is realized in excess of any estimate contained in said Schedule I, such excess shall be retained by Great Britain. All liabilities of said Anglo-American Commission, or of Great Britain, in respect to said tank project, whether as set forth in Schedule I, or in excess of, or apart from, any liability therein stated, shall be borne by Great Britain without any recourse whatever against the United States. The United States shall retain without accountability to Great Britain any sum hereafter realized by it upon any assets or claim within its control, and shall not present any further claim against the Anglo-American Commission.

ARTICLE IV. Great Britain has presented a claim against the Anglo-American Commission covering "hidden loss on steel," which is referred to in said Schedule I hereof. It is agreed that this item shall be omitted from the final settlement provided in this agreement and shall be included in the claim which Great Britain is making against the United States for "excess costs" of steel, and shall be settled on the same basis as said excess costs claim, excepting that Great Britain shall be entitled to receive from the United States only fifty per cent (50%) of the amount, if any, of "hidden loss on steel" as it may be determined in respect to the steel which has been supplied by Great Britain to the Anglo-American Commission. The United States does not, either directly or inferentially, admit by the execution of this agreement any liability in respect to said item "hidden loss on steel" as contained in the claim presented by Great Britain.

ARTICLE V. This agreement shall be void and of no effect, and said agreement of August 8, 1919, above referred to, shall remain in full force and effect, in the event that the twenty million francs (frs. 20,000,000) mentioned in Article VI of said agreement of August 8, 1919, and referred to in Article I hereof, is not paid as in said Article VI provided.

In witness whereof this agreement has been executed in four parts, each having the full force and effect of the original, by His Britannic Majesty's Government acting through F. W. Phillips, on behalf of the ministry of munitions, and by the United States of America, acting through the Liquidation Commission—War Department, Edwin B. Parker, chairman, this fourth day of October, 1919.

HIS BRITANNIC MAJESTY'S GOVERNMENT,  
By F. W. PHILLIPS,  
*On Behalf of the Ministry of Munitions.*  
UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman of the United States  
Liquidation Commission—War Department.*

SCHEDULE I.—*Anglo-American Commission (tanks), cost of factory and general expenses.*

PAYMENTS, JULY 31, 1919.

Cash payments to date:	Francs.	
Factory construction.....	15,611,584.04	
Factory operation, etc.....	2,690,831.02	
General administration.....	809,807.35	
Liquidation expenses.....	201,726.00	
Cancellation of orders.....	8,072.80	Francs.
		19,322,021.21
Estimated further cash payments:		
To contractors—		
Balance of commission and pending		
claims in England, say £20,000, @ 32		
to 1 .....		640,000.00
Sundries—		
Balance payable for material supplied		
through Great Britain (M. of M.) and		
cancellation of orders, less credits, say		
£4,000, @ 32 to 1.....	128,000.00	
Liquidation expenses, London office, say		
£1,000, @ 32 to 1.....	32,000.00	
Miscellaneous bills and claims in France,		
say .....	350,000.00	
		510,000.00
Due to British ministry of munitions:		
Hidden loss on steel. <sup>1</sup>		
Freight on construction material.....	£48,094	
Interest on advances calculated to May 31st,		
1919 .....	25,190	
	73,284 }	
	@ 32 to 1 }	2,345,088.00
Due to U. S. A.:		
	Francs.	
Power plant, Chateauroux.....	686,757.26	
Track, Nenvy-Paillonx .....	593,296.96	
Sundries supplied to A. A. C.....	166,928.84	
	1,446,983.06	
Less sundries supplied by A. A. C.....	111,967.37	
		1,335,015.69
		24,152,124.90

<sup>1</sup> Not included in this statement, as the United States does not admit it as claimed. This item is to be taken up in the British "excess cost" claim, as provided in the agreement covering this settlement and is to be borne by the United States and Great Britain in equal shares, to the amount, if any, allowed upon the determination of the "excess costs" claim.

## U. S. LIQUIDATION.

	Francs.
Half loss as above.....	11, 781, 024. 93
Less—	
Payment to Great Britain £300,000 on May 12, 1919, @ 29.05.....	8, 715, 000. 00
Material supplied by U. S. A.....	1, 335, 015. 69
	<hr/> 10, 050, 015. 69
Balance due to Great Britain.....	1, 731, 009. 24
Balance due to Great Britain in sterling, @ 32 to 1.....	£54, 095. 00

## RECEIPTS, JULY 31, 1919.

Cash receipts to date:		
Interest from banks.....	9, 293. 40	
Realization of assets.....	180, 281. 65	
	<hr/>	189, 575. 05
Estimated further cash receipts:		
Interest from banks, say.....	500. 00	
Realization of assets (sale of miscellaneous material in C. S. D. stores in England), say £12,500, @ 32 to 1.....	400, 000. 00	
	<hr/>	400, 500. 00
Approximate net cost:		
U. S. A., 50% equals.....	11, 781, 024. 93	
British, 50% equals.....	11, 781, 024. 92	
	<hr/>	23, 562, 049. 85
		<hr/>
		24, 152, 124. 90
		<hr/>

## GREAT BRITAIN LIQUIDATION.

Half loss as above.....	11, 781, 024. 92
Payments to July 31st, 1919 (less receipts).....	19, 132, 446. 16
Estimated further payments (less receipts).....	749, 500. 00
Freight and interest.....	2, 345, 088. 00
	<hr/> 22, 227, 034. 16
Less £300,000 from U. S. A.....	8, 715, 000. 00
	<hr/> 13, 512, 034. 16
Balance due from U. S. A.....	1, 731, 009. 24
Certified correct:	

F. W. PHILLIPS, *Financial Liquidator.*

## (2) TRIPARTITE MEMORANDUM IN SETTLEMENT OF THE CHATEAUX TANK PROJECT (OCT. 9, 1919).

## MINISTERE DE LA RECONSTITUTION INDUSTRIELLE:

At the request of the Inter-Allied Committee at Versailles the Governments of Great Britain and of the United States of America undertook, in 1918, the manufacture of Anglo-American tanks known under the name of "Liberty," the component parts of which were furnished by the said Governments and were to

be assembled in France in a plant constructed by these Governments at Neuvy-Pailloux, near Chateauroux.

Subsequent to negotiations, which arose after the armistice between the Ministère de la Reconstitution Industrielle, Monsieur Loucheur, representing France; Mr. W. Layton, delegate of the British Minister of Munitions, representing the British Government; and Mr. Edwin B. Parker, chairman of the Liquidation Commission, representing the Government of the United States of America, the liquidation of the expenses in connection with the manufacture of "Liberty" tanks was settled as follows, subject to the subsequent ratification by the French Chambers of the credit demanded with this in view:

On the 170 millions, which represent the total of the expenses incurred by the Governments of Great Britain and of the United States, for the manufacture of these tanks, the French Government agrees to the sum of 20 millions. Furthermore, it is stipulated that the French Government will relieve the Governments of Great Britain and the United States of all payments and obligations resulting from the purchase, occupation, and use of the land connected with the construction of the Neuvy-Pailloux plant.

On the other hand, the Governments of Great Britain and of the United States give to the French Government in full ownership the buildings and railway tracks built at Neuvy-Pailloux, as well as all the material of all kinds which are in the plant and the surrounding land.

The credits necessary to the execution of this agreement having been granted by the finance law of September 30th, 1919, the above agreement becomes definite.

The Sous Secrétaire d'Etat de l'Administration de la Guerre will decide on the way in which the sum of 20 millions, mentioned above, will be paid.

Paris, October 9, 1919.

(Signed)

LOUCHEUR.

LABRAMI.

MOREL.

C. C. BARRIE.

EDWIN B. PARKER.

F. W. PHILLIPS.

## APPENDIX XXII.

### EXTRACT FROM CUTHELL-INVERFORTH AGREEMENT OF MAY 10, 1919.

#### 3. LIBERTY MOTORS AND PROPER PROPORTION OF SETS OF SPARE PARTS.

The Bureau of Aircraft Production of the War Department of the United States of America shall deliver a number of Liberty motors which, together with the Liberty motors delivered to date, shall equal 2,252. Such delivery shall be at the option of the United States, either at seaport in the United States, or from stocks of the American Expeditionary Forces in France. It shall render a bill for the sum of \$16,589,718.90. Against this bill there shall be credited cash payments made to date of \$2,625,000, leaving a balance due of \$13,964,718.90. Such bill shall be accompanied by a short statement to the effect that for the purpose of the settlement of this bill the total cost (excluding strictly military charges) of materials, plant, tools, and all other elements, is fixed at \$153,515,619. The United States has made an allowance of \$2,700,000 on account of labor expenditures subsequent to the armistice. The balance chargeable to Liberty motor construction for the purposes of fixing the costs of Liberty motors to Great Britain is fixed at \$150,815,619. It is also agreed that the total production of Liberty motors for the purpose of the settlement between the parties hereto is 20,478. Great Britain has purchased and will take



a number of motors equal to eleven per cent (11%) of the total production, or 2,252. Great Britain shall also pay eleven per cent (11%) of all cost of such production, or \$16,589,718.90. The United States shall, with each motor and with each group of motors, ship the same proportionate number of sets of spares which it shipped under the contract for 980 motors, dated July 11, 1918.

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### APPENDIX XXIII.

#### AGREEMENT IN SETTLEMENT OF THE BRITISH INTEREST CLAIM (OCT. 20, 1919).

Agreement between His Britannic Majesty's Government and the United States of America with respect to interest charges.

#### DEFINITIONS.

The term "Great Britain" as herein used means His Britannic Majesty's Government. The term "United States" as herein used means the Government of the United States of America. The term "War" as herein used means the war between the United States and the nations associated with it on the one part and the Imperial German Government and its allies on the other part.

#### RECITALS.

In connection with the prosecution of the war and matters arising therefrom, Great Britain has invested or otherwise disbursed large sums of money which are properly chargeable against the United States. Great Britain has felt that some reimbursement to it should be made by the United States because of the considerable periods of time elapsing between the dates of such investments or disbursements and the times of reimbursement thereof to Great Britain by the United States, and has put forward a claim for interest on all proper bills rendered by it against the United States. The United States has made similar investments and disbursements which are properly chargeable against Great Britain and has presented a claim for interest on bills rendered by it similar to any interest on bills rendered by Great Britain.

The parties hereto desire to settle and adjust all claims between the War Department of the United States and Great Britain, or their respective agencies or representatives, for interest, or other compensation on account of delay, or lapse of time, in the rendering or in the payment of bills, statements or invoices, or delay, or lapse of time, in the reimbursement of capital expenditures, connected with the prosecution of the war.

Now, therefore, it is agreed:

ARTICLE I. For the purposes of this agreement and the settlement of the claims intended to be settled and adjusted hereby, and for no other purpose, the statement designated "Schedule I," hereto attached and made a part hereof, together with all items and amounts therein contained, shall be a final and conclusive statement of each and every matter referred to therein.

ARTICLE II. The United States shall pay to Great Britain the sum of seven hundred and ninety-seven thousand eight hundred and fifty-four pounds eleven shillings and twopence (£797,854 11s. 2d.) set forth in said Schedule I, being the interest computed at the rate of five per cent (5%) per annum for a period of 3½ months upon the net balance between the aggregate amounts, respectively, of all bills of every nature rendered in the United States, Great Britain, France, or elsewhere, by each of said Governments against the other, prior to August 1,

1919, in respect to transactions arising out of, connected with, or incident to the prosecution of the war, except (1) the transfer to the United States of certain property acquired by Great Britain from the Westinghouse Electric and Manufacturing Company; (2) matters (particularly ocean transportation of cargo and troops) within the jurisdiction of the ministry of shipping of Great Britain, other than such matters as may be covered by an item or items of said Schedule I; (3) matters more particularly within the purview of other departments of the United States other than the War Department, including all loans from the United States to Great Britain; and (4) obligations between the United States and the Dominion of Canada. This agreement shall not be interpreted to prejudice or affect in any way whatsoever any of the matters referred to in the four above-mentioned exceptions, either as to a settlement of any of them, or of interest in respect to any of them, or otherwise.

ARTICLE III. Great Britain does hereby release and discharge the United States—and the United States does hereby release and discharge Great Britain—from all obligations, commitments, claims, or demands whatsoever which Great Britain has against the United States or the United States has against Great Britain, as the case may be, or which either may hereafter have, in respect to interest upon bills, statements, or invoices, compensation for delays in rendering or in paying the same, reimbursement of costs incurred by reason of such delays, or compensation for the use of money or credits or for capital expenditures; in any wise pertaining to transactions arising out of, connected with or incident to the prosecution of the war, and covered by bills rendered prior to August 1, 1919, irrespective of whether stated or referred to in said Schedule I; except the matters designated (1), (2), (3), and (4) herein above in Article II hereof referred to.

ARTICLE IV. On all proper bills referred to in said Schedule I which are still outstanding on October 1, 1919, interest shall accrue at the rate of five per cent (5%) per annum from October 1, 1919. In respect to all proper bills connected with the prosecution of the war, other than those pertaining to the above-mentioned matters, designated (1), (2), (3), and (4) in Article II hereof, rendered on or after August 1, 1919, each Government shall compute the amount thereof outstanding at the end of each calendar month, and all such bills then outstanding which were rendered prior to the first of said calendar month, except bills concerning which some other arrangement has been made in respect to interest or in lieu thereof, shall bear interest from the first day of the succeeding calendar month until payment of such bill, at the rate of five per cent (5%) per annum. Accrued interest shall not be added to the amount of any bill so as to result in the compounding of interest in any manner. The payment of interest as herein provided shall be full satisfaction of all claims and demands whatsoever for interest upon bills, statements, or invoices, or compensation for delays in rendering or in paying the same, or reimbursement of costs incurred by reason of such delays, or compensation for the use of money or credits or for capital expenditures, in any wise pertaining to the transaction for which the bills, upon which such interest has been paid, shall have been rendered. No bill shall be considered as a proper bill hereunder until rendered in finally correct form.

In witness whereof this agreement has been executed in four parts, each having the full force and effect of an original, by His Britannic Majesty's Government, acting through A. Watson, representative of the minister of munitions, and by the United States of America, acting through the Liquidation

Commission, War Department, Edwin B. Parker, chairman, this twentieth day of October, 1919.

Witness:

RUFUS J. TRIMBLE.

HIS BRITANNIC MAJESTY'S GOVERNMENT,  
By A. WATSON,  
*Representative of the Minister of Munitions.*

Witness:

RUFUS J. TRIMBLE.

UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman of the United States Liquidation Commission—War Department.*

SCHEDULE I.—*Interest statement—Summary of bills rendered prior to July 31, 1919.*

Department account or claim.	Amount.		
	Pounds.	Dollars.	Francs.
Great Britain:			
Departmental (bills rendered in Great Britain)—			
Ministry of munitions.....	17,943,203.16.4		
Linen fabric.....	674,021.16.5		
Oldham Aircraft Ass. plant.....	1,568,405.15.9		
300 tons pig lead.....	11,822.2.7		
War office, "special".....	13,565,761.3.11		
War office, "miscel.".....	12,731,260.2.0		
Stationery.....	326.398.3.3		
Post office.....	78,871.17.5		
Office of works.....	58,341.5.0		
Air ministry.....	153,585.17.10		
Record of trade.....	262,066.19.5		
Total departmental.....	47,373,758.19.11		
Bills rendered in France.....	9,000,000.0.0		
Bills rendered in U. S. A.....	213,426.0.0	29,908,931.30	
Total.....	56,587,185.8.11	29,908,931.30	
Deduct suspended bills.....	1,500,000.0.0		
Net total, British.....	55,087,185.8.11	29,908,931.30	
United States:			
Bills rendered in U. S. A.....		45,494,345.36	
Bills rendered in France.....	3,846.10.0	128,497.09	3,162,530.18
Bills rendered in Great Britain.....	173,154.17.10		
Net total, American.....	177,001.7.10	45,622,840.45	3,182,530.18
Balances:			
British.....	54,910,184.1.1		
U. S.....		15,713,909.15	3,182,530.18
(\$4.20 and frs. 30 to £1).....	3,847,491.5.8	£3,741,406.18.10	£106,084.6.10
Net balance in favor of Great Britain.....	51,062,692.15.5		
Interest on net balance for 3½ months @ 3%.....	797,854.11.2		

APPENDIX XXIV.

LIQUIDATION OF THE NITRATE POOL  
(SEPT. 15, 1919).

Agreement between His Britannic Majesty's Government and the United States of America with respect to the Nitrate Pool.

## DEFINITIONS.

The term "Great Britain" as herein used means His Britannic Majesty's Government. The term "United States" as herein used means the Government of the United States of America. The term "Nitrate" as herein used means refined nitrate of soda. The term "Pool" as herein used shall be taken to mean the arrangement between Great Britain and the United States entered into in the latter part of 1918, pursuant to which the stocks of nitrate of the two Governments, to the extent that they constituted a surplus in excess of their respective internal requirements, were considered as belonging to a common pool, and pursuant to which each Government's transactions thereafter, in regard to such surplus stocks, were considered to be on behalf of such pool. A ton in this agreement means a long ton consisting of 2,240 pounds. A quintal means the ordinary Chilean quintal of which there are twenty-two to the ton of 2,240 pounds.

## RECITALS.

Various misunderstandings have arisen as to the nature, force, and effect of the pool and each of the above-named Governments has put forward certain claims in respect thereto. There is now no useful function for the pool to continue to perform and the parties hereto desire to settle and adjust all the aforesaid claims, to equitably apportion between the two Governments the remaining nitrate stocks of the pool, and to finally liquidate and settle the pool, its obligations, profits or losses, and all matters pertaining thereto.

## AGREEMENT.

Now therefore, in consideration of the mutual agreements herein contained it is agreed as follows:

ARTICLE I. The contributions of nitrate by said Governments to the pool are fixed at the following approximate quantities:

	Tons.
His Britannic Majesty's Government.....	436,300
United States of America.....	156,776
Total pool contributions.....	593,076

The unsold balance of nitrate remaining in the pool at the date hereof, is approximately 225,155 tons as more fully set forth in Schedule I hereto attached and made a part hereof. For the purposes of the liquidation of the pool the foregoing figures and schedule may be changed by mutual agreement to conform to the facts, as they subsequently may be determined to be, without otherwise affecting the terms of this agreement.

ARTICLE II. The above-described unsold balance shall be divided between the two Governments in shares in the proportions that their respective tonnage contributions to the pool are to the total pool contributions. The nitrate so apportioned to the United States shall be made up of the nitrate stocks in the United States, and in Canada respectively, together with such American purchased stocks in Chile as shall be mutually agreed upon in an amount sufficient to complete its said share. The nitrate so apportioned to Great Britain shall be made up of the nitrate stocks in the United Kingdom, and the British purchased nitrate stocks in Chile, together with the balance of the American purchased nitrate stocks in Chile.

ARTICLE III. The United States shall pay to the pool, by means of a debit to it in the settlement of the pool's accounts, eight shillings and sixpence (8/6d.) per quintal for the stocks now in the United States and Canada, plus an ocean freight charge of \$17.50 per ton and a sum equal to the commercial marine insurance charges for the shipment of such nitrate from Chile to its present location at rates existing on September 15, 1919. Great Britain shall pay to the pool, by means of a similar debit, eight shillings and sixpence (8/6d.) per quintal f. a. s. for the stocks located in Chile; and eight shillings and sixpence (8/6d.) per quintal for the stocks now lying in the United Kingdom, plus an ocean freight charge of 140 shillings per ton and a similar marine insurance charge. Some portions of the nitrate stocks may be "ordinary" instead of "refined" and if so shall be taken by the United States and Great Britain as part of their respective shares in proportions to be agreed upon at a reduction in the price above mentioned of 4 pence per quintal, and such fact shall not otherwise affect the terms of this agreement.

ARTICLE IV. Upon the execution of this agreement title to the stocks now lying in the United Kingdom, United States, and Canada, respectively, shall pass to the respective Governments entitled thereto, as herein provided, as of September 15, 1919, and title to the stocks in Chile shall so pass when the allocation of the various parcels has been agreed upon as provided in Article II hereof. Delivery of the nitrate shall be taken in each case where it lies save that the nitrate in Chile shall be put free alongside at the expense of the pool. Each of said Governments may dispose of any or all of its share of stocks immediately upon the execution of this agreement and may advance any sums that may be necessary to accomplish delivery thereof. Such advances shall be a charge against the pool in so far as they are made to meet a pool liability herein provided.

ARTICLE V. Great Britain shall pay or reimburse the United States the costs of breaking the stocks in Canada sufficient for bagging and the costs of re-bagging the same where necessary (other than the cost of the bags). The cost of the bags so used shall be borne by the United States. Neither the costs of breaking and bagging nor the cost of the bags shall be a charge against the pool.

ARTICLE VI. After the 15th of September, 1919, the nitrate shall be at the risk and all charges save as provided in Article V hereof and such as may be necessary to put the nitrate in a deliverable condition shall be for the account of the Government which acquires the particular stock as herein provided. All charges and costs which have been properly paid or incurred in connection with the acquisition, custody, or disposal of the total stocks of the pool up to and including the 15th day of September, 1919, shall be regarded as having been paid or incurred for the account of the pool. Such charges and costs shall include the purchase price of the pool nitrate, freight or other transportation charges, handling, insurance, storage, other carrying charges, and brokerage, in respect thereto, together with all other expense which has arisen from the purchase, disposal, or custody, or transportation thereof, including any administrative expenses and similar charges which are attributable solely to the pool. All costs paid in dollars by the United States prior to November 11, 1918, in respect to nitrate turned over to the pool by it shall be converted to a sterling basis at a rate of exchange of 4.76, subsequent payments of dollars by the United States on behalf of the pool shall be credited to the United States at the rate of exchange ruling at the date the particular payment shall have been made. All advances by either Government on account of the pool shall bear interest at the rate of five per cent (5%) per annum. In respect to advances made prior to the 11th day of November, 1918, interest shall accrue

from that date, and in respect to subsequent advances, from the date of the advance, and run to and including the 15th day of September, 1919. Such interest shall be included as a cost on account of the pool. The proceeds of all sales made on account of the pool shall be credited to it and interest at said rate shall be credited thereon from the date of sale to the 15th day of September, 1919. Any advances made by either Government after the 15th day of September, 1919, in the payment of any obligation which arose on account of the pool prior to said date, shall bear interest at the aforesaid rate from the date of such advance until the reimbursement thereof by the pool.

ARTICLE VII. The profits or losses of the pool, as the case may be, shall be determined as expeditiously as possible as of the 15th day of September, 1919, including in such determination the transactions for the liquidation of the Pool herein provided. Such profits or losses shall be divided between, or borne by, Great Britain and the United States in the proportions provided in Article II hereof for the apportionment of the nitrate stocks of the pool.

ARTICLE VIII. The United States shall not dispose of any part of its share of the nitrate stocks of the pool in the United Kingdom or in the Dominions of the British Empire, except that it may sell in Canada an amount equal to its Canadian stocks, and Great Britain shall not dispose of any part of its share in the United States or its possessions or territories. Each Government shall secure a stipulation from the purchaser from it that such purchaser and purchasers in turn from it shall be bound by the same restrictions as the selling Government.

ARTICLE IX. The general custom of trade shall apply to the transactions forming the subject of this agreement except where special provision is expressly made herein.

In witness whereof, this agreement has been executed in four parts, each having the full force and effect of the original, by His Britannic Majesty's Government, acting through the minister of munitions, and by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, as of the 15th day of September, A. D. 1919.

Witness:

RUFUS J. TRIMBLE.

HIS BRITANNIC MAJESTY'S GOVERNMENT,  
By HENRY HOWARD PIGGOTT,

*For and on Behalf of the Minister of Munitions, Assistant Secretary.*

Witness:

RUFUS J. TRIMBLE.

UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman of the United States Liquidation Commission—War Department.*

(Copy.)

MINISTRY OF MUNITIONS OF WAR,  
SURPLUS GOVERNMENT PROPERTY DISPOSAL BOARD,  
EXPLOSIVES AND CHEMICALS SECTION,  
*Storey's Gate, Westminster, S. W. 1, 10th November, 1919.*

DEAR SIR: I am sorry that it has not been possible for me to write you earlier putting on record the arrangements that were made at our interview on 5th November.

The contributions of nitrate set out in Article I of the agreement were modified by the addition of 328 tons to the British figure and 620 tons to the U. S. A. figure; the revised figures being as follows:

	Tons.
His Britannic Majesty's Government .....	436, 628
U. S. A. Government.....	157, 396

Total pool contributions.....	594, 024
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The figures in Schedule I were further revised to read as follows:

Great Britain:	Tons.	
Stocks in Chile .....	2, 050	
Stocks in U. K. ....	58, 468	
Stocks in Canada .....	16, 598	
		77, 116
America:		
Stocks in Chile .....	120, 681	
Stocks in America .....	28, 376	
		149, 057
		226, 173

A fresh calculation was made showing the proportions of unsold stocks to be as follows:

His Britannic Majesty's Government:	Tons.	
Stocks in U. K. ....	58, 468	
British stocks in Chile .....	2, 050	
U. S. A. stocks in Chile .....	105, 727	
		166, 245
U. S. A. Government:		
Stocks in Chile .....	14, 954	
Stocks in U. S. A. ....	28, 376	
Stocks in Canada .....	16, 598	
		59, 928

It was understood that you were agreeing these figures by cablegram, and I hope to receive your confirmation at a very early date.

Yours faithfully,

(Signed) H. S. MINGARD.

SCHEDULE I.—*Unsold balance remaining in pool at 15 Sept., 1919.*

Great Britain:	Tons.	
Stocks in Chile .....	2, 050	
Stocks in U. K. ....	58, 468	
Stocks in Canada .....	16, 200	
		76, 718
America:		
Stocks in Chile.....	120, 222	
Stocks in America .....	28, 215	
		148, 437
		225, 155

The above figures are approximate only.

## APPENDIX XXV.

## AUTHORIZATIONS TO PAY CLAIMS.

Number of claims.	Arising in—	Kind of money.	Amount claimed by claimant.	Amount allowed by Commission.
328	France.....	French francs.....	76,949,049.35	32,037,523.20
63	Switzerland.....	Swiss francs.....	3,553,399.22	2,034,096.60
4	Spain.....	Spanish pesetas.....	391,252.40	286,602.40
1	France.....	Swedish kroner.....	40,991.00	37,199.00
1	England.....	American dollars.....	1,650.35	1,650.35
49	England.....	English pounds.....	370,793/1/4	364,449/17/10
446				

NOTE.—Does not include claims of foreign Governments.

## CLAIMS DISALLOWED BY COMMISSION.

Number of claims.	Arising in—	Kind of money.	Amount claimed by claimant.
47	France.....	French francs.....	3,583,698.63
3	Spain.....	Spanish pesetas.....	90,000.64
1	England.....	Swedish kroner.....	19,374.71
1	Switzerland.....	Swiss francs.....	109,076.76
1	England.....	English pounds.....	952/0/0
53			

## APPENDIX XXVI.

## FRENCH-AMERICAN ARTILLERY UNDER STETTINIUS-LOUCHEUR ARRANGEMENT.

(1) ARTILLERY COMPONENTS TO BE DELIVERED TO FRANCE BY THE UNITED STATES.

(a) 75-mm. material:

100 roughly machined recuperator forgings monthly, September, 1918, to June, 1919.

250 assembled carriages, without recuperators and without sights, prior to December 31, 1918.

150 assembled carriages monthly, without recuperators and without sights, January to June, 1919.

2,880 carriage limbers,	} prior to December 31, 1918.
6,000 caissons,	
8,640 caisson limbers,	

A total of 2,640 additional caissons from January to June, 1919.

(b) 155-mm. Schneider howitzer material:

76 finished recuperators during September, 1918.

810 finished recuperators between October 1 and December 31, 1918.

200 finished recuperators between January 1 and May 1, 1919.

622 finished howitzers during September, 1918.

210 finished howitzers between October 1 and December 31, 1918.

300 finished howitzers between January 1 and May 1, 1919.

386 finished howitzers to December 31, 1918.

746 finished carriage limbers between January 1 and May 1, 1919.

3,396 caissons prior to December 31, 1918.



## (c) 155-mm. G. P. F. material:

- 50 finished guns and carriages without recuperators, prior to December 31, 1918.
- 400 roughly machined recuperator forgings prior to June 30, 1919, of which 60 had been floated prior to September 12, 1918; subsequent deliveries to be at rate of 40 per month.
- 300 carriage limbers prior to December 31, 1918.

## (2) GUNS TO BE DELIVERED BY FRANCE TO THE UNITED STATES.

## (a) 75-mm. guns complete with 1 limber and 1 caisson:

September-----	288
October, } per month-----	300
November, }	
December, }	
From January 1, 1919, to June 30, 1919, per month-----	350

## (b) 155-mm. howitzers:

To January 1, 1919, per month-----	140
From January 1, 1919, per month-----	160

## (c) 155-mm. guns:

October-----	40
November-----	40
December-----	45
From January 1, 1919, per month-----	45

## (d) In addition the French to deliver all the materials and parts of materials necessary for the maintenance of batteries in service, observing the co-efficients for maintenance employed in the French Army.

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## APPENDIX XXVII.

## (1) FRENCH ARTILLERY AND AMMUNITION AGREEMENT

(AUG. 28, 1919).

Agreement between the Government of the United States and the Government of France, concerning the final settlement of the supplying of artillery and ammunition, undertaken by France on behalf of the United States up to the date of the armistice of November 11th, 1918, and other matters.

*Preamble.*—At the signature of the armistice of November 11th, 1918, the French Government had accepted orders for a large amount of ammunition and artillery matériel to be delivered to the United States Government, which were then in course of execution; and certain negotiations had also been entered into, relative to the furnishing of certain additional artillery matériel for which no final agreement had been reached and for which the United States Government had not yet placed formal orders. The United States Government, on its part, had supplied to the French Government 550 155-mm. howitzers, intended to be used in the composition of the materials to be transferred to the United States.

The French Government had also agreed to machine for the United States 400 rough cradles for 155-mm. G. P. F. guns, of which 110 had been delivered by the United States and 60 were in process of machining on November 11th, 1918.

A verbal agreement (confirmed by letters of December 7th, 1918, from Mr. Loucheur, of December 7th, 1918, from Mr. Stettinius, and of December 20th, 1918, and January 3rd, 1919, from Col. Mercier) was reached between the *Ministre de l'Armement*, representing the French Government, and Mr. Stettinius, special representative of the United States Government, concerning the final settlement of the orders for artillery materials and ammunition undertaken by France on behalf of the United States and other matters; and this agreement is now drawn up in the final form, as follows:

Between the United States Government, represented by E. D. Bricker, Colonel, Ordnance Department, United States, on behalf of the Chief of Ordnance of the United States Army, duly appointed, and the French Government, represented by M. le Général Maurin, *Directeur de l'Artillerie*, duly appointed, is agreed as follows:

ART I. *General provisions.*—(a) All materials and accessories, ammunition or ammunition components, delivered by the Government of France and accepted by the American Armies or delivered by the United States Government and accepted by the French Armies, up to November 11th, 1918, inclusive, shall remain the property of the accepting Government and shall be paid for at the prices previously agreed to for items of the same model belonging to the same or previous orders.

(b) Save the exceptions provided for in the present covenant and excepting all material delivered and accepted on or before November 11th, 1918; all orders accepted by the French Government for the United States Ordnance Department covering artillery matériels, ammunition, accessories, and spare parts, and all orders for projectiles finished or unfinished, placed for or by the French Government in America with the United States Ordnance Department up to November 11th, 1918, inclusive, are hereby cancelled by mutual agreement. No indemnity of any kind whatsoever shall be paid by the United States Government or by the French Government for the cancellation of these orders.

(c) All ammunition and ammunition components of American make, not specified in Art. I, par. (a) above, existing in the depots of French general reserve storehouses (*Entrepôts de Réserve Générale Français*) shall be removed and put at the disposal of the United States.

Likewise all ammunition of French make now in the said storehouses, not specified in Art. I, par. (a) above, shall be kept by the French Government.

(d) The United States Government has previously delivered to the French Government 550 155-m/m howitzers finished with breech mechanism; 275 of these guns shall be satisfactorily assembled to the carriages belonging to the 700 matériels of this type specified in Art. II, par. (b), in place of the same number of similar howitzers of French manufacture. Their value (reckoned at frs. 23,466 each, which is the cost price of identical material of French make), i. e., a total of frs. 6,453,150, shall be deducted from the total price of 155-m/m howitzer matériels transferred.

The other 275 howitzers remain the property of the United States. It is stated by the French Government that one of these burst during the regulation firing tests, because of weakness developed by these tests; a report will be furnished by the French Government certifying to these facts. The remaining 274 howitzers shall be delivered to the Ordnance Department and shipped to America at the expense of the United States Government.

(e) The United States Government has delivered to the French Government 110 155-m/m G. P. F. rough cradle forgings, being part of an order for 400 rough forgings; 60 of these cradles, being at the present time in course of machining, shall be entirely completed by France and delivered to the United States. The settlement will be the subject of an agreement when the costs of

the service rendered shall have been determined; the sum to be paid shall be the actual cost price to the French Government.

The 50 rough forgings remaining shall be delivered to the Ordnance Department for return to the United States at the expense of the United States Government. The 290 forgings not yet delivered shall not be shipped to France.

ART. II. *Matériel to be supplied.*—The French Government undertakes to supply to the United States Government, which accepts and undertakes to pay for the following matériel:

(a) 944 75-m/m gun matériels, model 1897, with limbers.

(b) 700 155-m/m howitzer matériels, model 1917, Schneider design, with limbers.

(c) 198 155-m/m G. P. F. matériels, with limbers.

(d) Collection of additional parts as hereinafter specified.

ART. III. *Composition of the matériel to be delivered.*—The articles included in the composition of the matériels and collections mentioned in Art. II are enumerated in the tables number 1 to 7, attached to and forming a part of this contract.

ART. IV. *Conditions of acceptance and delivery.*—The above-mentioned matériels, of the types in use in the French Army and complying with the regulation technical requirements of acceptance provided for their manufacture, shall be delivered at such places in France as shall be indicated by the chief ordnance officer, A. E. F., by April 1, 1919, or at later dates, when the United States authorities are prepared to accept delivery.

ART. V. *Prices and conditions relative to same.*—The transfer prices of above-mentioned matériels (Art. II) are fixed as follows:

	Francs.
(a) 312 75-m/m matériels with limbers, at frs. 30,080 the unit (Table No. 1)-----	9,384,960
(b) 632 75-m/m gun matériels with limbers, at frs. 30,018 the unit (Table No. 2)-----	18,971,376
(c) 236 collections of spare parts at frs. 1,875 each (Table No. 3)-----	442,500
(d) 700 155-m/m howitzer matériels with limbers, model 1917, at frs. 89,000 the unit (Table No. 4)-----	62,300,000
(e) 198 155-m/m G. P. F. matériels with limbers, at frs. 145,850 the unit (Table No. 5)-----	28,878,300
(f) Set of additional articles, spare parts, etc., for 155-m/m howitzers (Table No. 6)-----	2,524,445.40
(g) Sets of additional articles and spare parts, etc., for 155-m/m G. P. F. (Table No. 7)-----	1,453,456.05
Total-----	123,955,037.45
To be deducted, the value of 275 155-m/m guns (see Art. I, par. (d))-----	6,453,150
Total-----	117,501,887.45

The total value of the transfer granted amounts to the sum of one hundred seventeen million five hundred and one thousand eight hundred eighty-seven francs forty-five centimes.

These prices represent, as far as it has been possible to reckon them, the actual cost prices to the French Government without profit.

They include all royalties and premiums for the use of patents or secret processes, which may affect the use of any part of the material transferred.

The French Government agrees to protect the United States against all obligations and all claims for royalties or other rights resulting from the use of the material transferred with the exception of the following reservation:

Whereas valid patent rights may exist concerning this material, rights which have never been published and which are still kept secret in virtue of the stipulations of the law of April 12th, 1916; and whereas, furthermore, legal claims may be made in the future; and whereas the French Government may be obliged, in order to give satisfaction to such claims, to make payments which will thus increase the present cost price of the transferred patented elements; it is therefore agreed that if, subsequent to the signing of the present covenant, the French Government should be legally forced to pay, for any part of the material transferred to the United States by the present covenant, an indemnity in the form of a royalty to the proprietor of a patent now held secret by virtue of the above-mentioned law, the United States will, in such case, indemnify the French Government for the additional expenses by paying, in addition to the transfer price, a sum, the ratio of which to the whole amount paid by the French Government will be equal to the ratio of the number of patented articles transferred to the United States to the whole number of such articles manufactured by or for the French Government.

These provisions apply only to transfers referred to in the present covenant and do not modify any conditions or clauses to the contrary which may have been provided for in other covenants already made between the Governments.

ART. VI. *Payments*.—After presentation and examination of the proper receipts and vouchers, the American Government will make settlement, as to the indebtedness created by this contract, in such manner as shall be in use for such settlements between the two Governments at the date of the settlement.

In conformity with the American law neither any member or delegate of the American Congress, nor any person belonging to or employed in the military services of the United States shall be admitted to any share in this contract, nor to obtain any profit from it.

In conformity with the French law, the amount of the transfer belongs in full to the French treasury; neither any commission nor any sum of any kind can be given, no matter under what form, to anybody whomsoever.

Made out in six copies, at Paris, on the 28th day of August, 1919.

Name and capacity of the representative of the French Government:

L. MAURIN.

Name and capacity of the representative of the American Government:

E. D. BRCKER.

*Colonel, Ordnance Department, for Chief of Ordnance,  
War Department, United States of America.*

Witness:

F. A. PATTISON,

*Major, Ord. Dept.*

Approved: UNITED STATES LIQUIDATION COM-  
MISSION—WAR DEPARTMENT,  
EDWIN B. PARKER, *Chairman*.

## (2) SUPPLEMENT TO FRENCH ARTILLERY AND AMMUNITION CONTRACT (DATED Nov. 20, 1919).

This contract, entered into this 20th day of November, 1919, by and between the United States of America (hereinafter called "America"), acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, of the one part, and the Republic of France (hereinafter called "France"), acting through M. le General Maurin, directeur de l'artillerie, of the other part, witnesseth:

That whereas on the 28th day of August, 1919, the parties hereto entered into an agreement "concerning the final settlement of the orders for artillery materials and ammunition undertaken by France on behalf of the United States and other matters"; and

Whereas subdivision (e) of Art. I of the said contract of August 28, 1919, provides in part as follows:

"(e) The United States Government has delivered to the French Government 110 155-m/m G. P. F. rough cradle forgings, being part of an order for 400 rough forgings. Sixty of these cradles, being at the present time in course of machining, shall be entirely completed by France and delivered to the United States. The settlement will be the subject of an agreement when the costs of the service rendered shall have been determined; the sum to be paid shall be the actual cost price to the French Government"; and

Whereas the work of machining the said 60 cradles has now been completed by the French Government and the actual cost thereof is frs. 861,000;

Now, therefore, in consideration of the premises, it is agreed between the parties hereto that America shall pay to France the said sum of frs. 861,000, the payment of which is hereby admitted and acknowledged by France in full and final payment and settlement

Ce contrat, redige le 20 Novembre 1919, a ete etabli par et entre la Gouvernement des Etats Unis (appele ci-apres "Amerique") Represente par la Commission de Liquidation des Etats-Unis du Departement de la Guerre, Edwin B. Parker, President, d'une part; et la Republique Francaise (appelee ci-apres "France"), representee par M. le General Maurin, Directeur de l'Artillerie, d'autre part;

Etant donne que le 28 Aout 1919 les parties ont conclu un accord concernant le reglement final des ordres pour le materiel d'artillerie, les munitions et autres materiels entrepris par la France pour le compte des Etats-Unis; et

Etant donne qu'au paragraphe (e) de l'Art. I du dit Contrat du 28 Aout 1919 il est mentionne ce qui suit:

"(e) Le Gouvernement des Etats-Unis a delivre au Gouvernement Francais 110 ebauches de glissieres pour canons de 155-m/m G. P. F. faisant partie d'une commande de 400 ebauches. 60 de ces glissieres etant actuellement en cours d'usinage seront entierement finies par la France et livrees aux Etats-Unis. Le reglement fera l'objet d'un accord lorsque le cout du travail execute aura ete determine; la somme a payer sera le prix de revient pour le Gouvernement Francais;" et

Etant donne que le travail de finition des 60 glissieres sus-indiquees est maintenant complement termine par le Gouvernement Francais et que le cout du travail s'eleve a 861,000;

En consequence, etant donne ce qui precede, il a ete convenu entre les parties sus-indiquees que l'Amerique paiera a la France la dite somme de 861,000 Frs. Ce paiement est de ce fait admis et reconnu par la France comme reglement total et definitif de

of the balance due France under the said subdivision (e) of Art. I of the said contract of August 28th, 1919.

In witness whereof, on the day and year first above written, this contract has been executed in six parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, and by the Republic of France, acting through M. le General Maurin, directeur de l'Artillerie.

UNITED STATES OF AMERICA.

By EDWIN B. PARKER,

*Chairman United States*

*Liquidation Commission—*

*War Department.*

REPUBLIC OF FRANCE,

By L. MAURIN,

*Directeur de l'Artillerie.*

la balance due a la France aux termes du dit paragraphe (e) de l'Art. I du dit Contrat du 28 Aout 1919.

En foi de quoi, le jour et l'année précitées, ce Contrat a été rédigé en six exemplaires, chacun d'eux ayant la même valeur et effet qu'un original, par les Etats-Unis d'Amérique, représentés par la Commission de Liquidation des Etats-Unis, Département de la Guerre, Edwin B. Parker, Président, et par la République Française, représentée par M. le General Maurin, Directeur de l'Artillerie.

ETATS-UNIS D'AMERIQUE.

Par EDWIN B. PARKER,

*Président de la Commission de Liquidation des Etats-Unis du Département de la Guerre.*

*ment de la Guerre.*

REPUBLIQUE FRANCAISE.

Par L. MAURIN,

*Directeur de l'Artillerie.*

## APPENDIX XXVIII.

### FRENCH AIR SERVICE SETTLEMENT OF NOVEMBER 8, 1919.

Memorandum of settlement between the respective Air Services of the United States of America and the Republic of France dated November 8, 1919.

Whereas in the general settlement heretofore negotiated between the Air Service of the War Department of the United States of America (hereinafter called "America") and the Air Service of the Republic of France (hereinafter called "France"), France was entitled to receive some American Liberty motors and spares of the value of sixteen million eight hundred and five thousand five hundred dollars (\$16,805,500) which have been retained by America and America was entitled to receive airplanes and airplane materials of French manufacture of the value of ninety-eight million three hundred forty-four thousand and fourteen

Memorandum de Règlement entre les Services Aéronautiques respectifs des Etats-Unis d'Amérique et la République Française en date du 8 Novembre 1919.

Etant donné que dans le règlement général en discussion jusqu'à ce jour entre l'Air Service du War Département des Etats-Unis d'Amérique (ci-après dénommé "Amérique") et la Direction de l'Aéronautique de la République Française (ci-après dénommée "France"), la France était en droit de recevoir des moteurs Liberty et pièces de rechange d'une valeur de seize millions huit cent cinq mille cinq cents (16,805,500) dollars qui ont été retenus par l'Amérique et que l'Amérique était en droit de recevoir des avions et du matériel aéronautique provenant des usines françaises d'une valeur de quatre vingt dix huit millions trois

(frs. 98,344,014) francs which have been retained by France.

Now, therefore, it is agreed :

That America shall retain the Liberty motors and spares above mentioned of the value of sixteen million eight hundred and five thousand five hundred (\$16,805,500) dollars, the French bills for which against America, stated in dollars and converted into francs at the rate of 5.8523 francs for one dollar, aggregate in amount ninety-eight million three hundred fifty thousand eight hundred and twenty-seven francs (98,350,827 frs.).

That France shall retain the airplanes and airplane materials of French manufacture above mentioned of the value of ninety-eight million three hundred forty-four thousand and fourteen (98,344,014) francs.

It is further agreed that said bills of America against France, when so converted, shall be offset against said bills of France against America leaving a balance due France of six thousand eight hundred thirteen frs. (6,813), for which amount France shall receive credit in the settlement of accounts between America and France whereupon the said bills of America against France and the said bills of France against America shall be cancelled as fully satisfied.

Attached hereto and marked for identification "Exhibit A" is the final statement of account between the United States of America and the Republic of France in connection with the general settlement for airplanes and motors from which it appears (a) that the total credit due America by France is twenty-one million two hundred seventy-two thousand two hundred fifty dollars (\$21,272,250) and (b) the total credit due by America is one hundred sixty-seven million seven hundred eighty thousand sixty-six (167,780,066) francs plus one million eight hundred

cent quarante quatre mille quatorze (98,344,014) francs qui ont été retenus par la France.

Il est en conséquence aujourd'hui entendu :

(1) Que l'Amerique retiendra les moteurs Liberty et pièces de rechange ci-dessus mentionnés d'une valeur de seize millions huit cent cinq mille cinq cents (16,805,500) dollars dont les factures francaises sur l'Amerique établies en dollars et converties en francs au taux de 5.8523 francs pour un dollar s'élèvent a un total de quatre vingt dix huit millions trois cents cinquante mille huit cent vingt sept (98,350,827) francs.

(2) Que la France retiendra les avions et le matériel aéronautique provenant des usines francaises ci-dessus mentionnées d'une valeur de quatre vingt dix huit millions trois cent quarante quatre mille quatorze (98,344,014) francs.

(3) Il est de plus entendu que les dites factures de l'Amerique sur la France, après cete conversion, seront balancées avec les dites factures de la France sur l'Amerique laissant un produit dû à la France de six mille huit cent treize (6,813) francs, somme pour laquelle la France sera créditée sans le règlement de comptes entre l'Amerique et la France sur quoi les dites factures de l'Amerique sur la France et de la France sur l'Amerique seront annulées comme complètement réglées.

(4) Ci-joint et intitulé "Tableau A" se trouve l'état final de compte entre les Etats-Unis d'Amerique et la République Francaise se relatif aux règlements des avions et moteurs duquel état il appert (a) que la somme totale due à l'Amerique par la France est de ving et un millions deux cent soixante douze mille deux cent cinquante (21,272,250) dollars, et (b) que la somme totale due à la France par l'Amerique est de cent soixante sept millions sept cent quatre vingt mille soixante six (167,780,066) frs. plus un million huit cent quatre vingt neuf

eighty-nine thousand four hundred and three and 60/100 (\$1,889,403.60) dollars.

It is agreed by both parties hereto that the said statement is correct and shall form the basis of stating a final account in the general settlement now being negotiated between France and America, so far as concerns the Air Service transactions between France and America here referred to.

UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman, United States Liquidation Commission—War Department.*

mille quatre cent trois dollars et soixante cents (1,889,403.60 dollars).

Il est entendu entre les deux parties en cause que ledit état est correct et sera la base de l'établissement du compte final dans le règlement général actuellement en cours de négociation entre la France et l'Amérique en ce qui regarde les transactions susvisées entre les Services Aéronautiques Français et Américains.

République Française,  
Approuvé le 10 Novembre 1919.  
Le Président du Conseil Ministre de la Guerre.  
Direction de l'Aéronautique:  
(Signed) M. DUVAL.

"EXHIBIT A."—UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT.

*Statement of account between the United States of America and the Republic of France in connection with general settlement for airplanes and motors.*

	Amount in francs.	Amount in dollars.
Charges against France:		
Liberty motors and spare parts, Cuthell agreement of May 29, 1919.....		21,272,250.00
Total credit due United States from France.....		21,272,250.00
Credits due France:		
Airplanes and motors in process of construction at date of armistice.....	120,859,450.00	
Cancellation indemnities for airplanes and motors.....	14,710,537.00	
Spare parts in process of construction.....	19,962,553.00	
Cancellation indemnity for spares.....	8,225,004.00	
Total.....	163,757,544.00	163,757,544.00
Miscellaneous matériel in process of manufacture.....	3,496,628.00	
Cancellation indemnities account of miscellaneous matériel.....	413,589.00	
Total.....	3,910,217.00	3,910,217.00
Cost of delivery by aerial route of 596 airplanes @ fr. 177.00 each.....	105,492.00	105,492.00
Credit due France under exchange of Liberty motors for French airplanes and matériel.....		6,813.00
Payments made on account of motors and spares that were not credited against charge of \$21,272,250.00 included in Cuthell agreement:		
April, 1919, frs. 9,641,406.26 @ 5.80.....	\$1,662,311.43	
May, 1919, frs. 1,349,347.12 @ 6.05.....	223,032.58	
July, 1919, frs. 26,184.37 @ 6.45.....	4,059.59	
frs. 11,016,937.75.....	1,889,403.60	1,889,403.60
Total credit due France from the United States.....	167,780,066.00	1,889,403.60



## "TABLEAU A."—COMMISSION DE LIQUIDATION AMERICAINE—WAR DEPARTMENT.

*Etat du compte entre les Etats-Unis d'Amérique et la République Française relatif au règlement général pour les avions et moteurs.*

	Montant en francs.	Montant en dollars.
Dette de la France:		
Moteurs Liberty et pièces de rechanges, accord Cuthell du 29 mai 1919.		21, 272, 250. 00
Crédit total dû par la France aux Etats-Unis.		21, 272, 250. 00
Sommes dues à la France:		
Avions et moteurs en cours de construction à la date de l'armistice.	120, 859, 450. 00	
Indemnité de résiliation pour avions et moteurs.	14, 710, 537. 00	
Pièces de rechanges en cours de construction.	19, 962, 553. 00	
Indemnité de résiliation pour les pièces de rechanges.	8, 225, 004. 00	
Total.	163, 757, 544. 00	163, 757, 544. 00
Matériel divers en cours de fabrication.	3, 496, 628. 00	
Indemnité de résiliation pour le matériel divers.	413, 589. 00	
Total.	3, 910, 217. 00	3, 910, 217. 00
Coût de la livraison par voie de l'air de 596 avions: 177 francs pour chacun.	105, 492. 00	105, 492. 00
Somme due à la France en vertu de l'échange de moteurs Liberty contre du matériel aéronautique français.		6, 813. 00
Paiements effectués sur le compte moteurs Liberty et pièces de rechange qui n'ont pas été déduits du prix total de 21,272,250 dollars inclus dans l'accord Cuthell:		
Avril 1919, frs. 9, 641, 406. 26 au taux de 5.80.	\$1, 662, 311. 43	
Mai 1919, frs. 1, 349, 347. 12 au taux de 6.05.	223, 032. 58	
Juil. 1919, frs. 26, 184. 37 au taux de 6.45.	4, 059. 59	
frs. 11, 016, 937. 75	1, 889, 403. 60	1, 889, 403. 60
Somme totale due à la France par les Etats-Unis.	167, 780, 066. 00	1, 889, 403. 60

## APPENDIX XXIX.

## CONTRACT BETWEEN UNITED STATES OF AMERICA AND REPUBLIC OF FRANCE FOR THE SETTLEMENT OF RAILROAD TRANSPORTATION AND OTHER CLAIMS, OCTOBER 1, 1919.

This contract entered into this first day of October, A. D. 1919, by and between the United States of America (hereinafter called America), acting through the United States Liquidation Commission—War Department, of the one part; and the Republic of France (hereinafter called France), acting through le Ministre des Travaux Publics des Transports et de la Marine Marchande, of the other part; Witnesseth:

*Recitals.*

That *whereas* America upon its entry into the war on April 6th, 1917, arranged with France to provide and to cause the French railroads to provide, during the presence in France of

Entre les Etats-Unis d'Amérique (ci-après dénommés Amérique), représentés par la Commission de Liquidation des Etats-Unis—War Department d'une part; et la République Française (ci-après dénommée France), représentée par Monsieur la Ministre des Travaux Publics des Transports et de la Marine Marchande d'autre part; la Convention suivante a été passée à la date du 1<sup>o</sup> Octobre, 1919;

*Exposc.*

Etant donné que l'Amérique, au moment de son entrée en guerre le 6 Avril 1917, a convenu avec la France que celle-ci pourvoierait ou ferait pourvoir par les Réseaux Français,

the American forces, transportation for the personnel, animals, and freight of said forces at rates not to exceed those to be paid by France for similar services; and France has provided or caused to be provided said transportation; and

*Whereas* in connection with railroad transportation in France the respective parties and the French railroads furnished or caused to be furnished to one another the use of certain terminal facilities at docks and elsewhere, also locomotives, cars, machine shop and other equipment, the services of certain personnel, and they provided to one another certain supplies and materials, and performed for one another certain services, the compensation for which remains to be settled and adjusted; and

*Whereas* there exist various claims in France by each of the parties against the other, and by the French railroads against America and by America against the French railroads, arising out of losses of or damages to freight and damages to railway property; and

*Whereas* the parties desire to adjust any and all claims and demands of every kind, nature, and description whatsoever of France or of the French railroads against America, and any and all claims of every kind, nature, and description whatsoever of America against France or against the French railroads arising out of the transactions referred to in the foregoing recitals, and all claims of the French Navigation Office, up to and including September 30, 1919; and

*Whereas* the parties desire to readjust said arrangement entered into upon America's entry into the war for the transportation over the French railroads of the personnel, animals, and

pendant la présence des troupes Américaines, aux transports de personnel, animaux et matériel des dites forces à des tarifs ne devant pas excéder ceux payés par la France pour des services semblables. Etant donné que la France a pourvu aux transports susvisés,

Vu que, en ce qui concerne les transports sur les Réseaux Français, les parties respectives et les Réseaux Français ont fourni, ou fait fournir les uns aux autres l'usage de certaines installations, soit aux ports, soit en d'autres points des dits Réseaux, de locomotives, wagons, ateliers et autres matériels, ainsi que les services de certains personnels; qu'ils se sont fournis réciproquement certains ravitaillements et matériels, et se sont rendus mutuellement certains services dont la compensation reste à établir et à liquider;

Etant donné, qu'il existe des réclamations diverses en France de chacune des parties contre l'autre, et des Réseaux Français contre l'Amérique, et de l'Amérique contre les Réseaux Français, réclamation dues à des pertes ou à des dommages au matériel transporté et à des dommages à des propriétés des dits Réseaux de Chemin de Fer;

Etant donné que les parties désirent régler chacune et toutes réclamations de tout espèce, nature et genre, de France ou des Réseaux Français contre l'Amérique et toutes réclamations de toute espèce, nature et genre de l'Amérique contre la France ou les Réseaux Français, réclamations relatives aux questions exposées dans les Articles suivants, et toutes réclamations de l'Office Français de la Navigation, toutes ces réclamations concernant la période s'étendant jusqu'au 30 Septembre, 1919, inclus;

Etant donné que les parties désirent remettre au point l'arrangement conclu au moment de l'entrée en guerre de l'Amérique pour le transport sur les Réseaux Français du personnel, ani-

freight of the American forces, in so far as it covers the period on and after October 1, 1919, until December 31, 1919, inclusive :

Now, *therefore*, in consideration of the premises and for the other considerations herein stated, it is agreed as follows :

ARTICLE ONE. *Agreement*.—America will pay to France the sum of four hundred and thirty-four million, nine hundred and eighty-five thousand three hundred and eighty-nine and 73/100 (434,985,389.73) francs.

ARTICLE TWO. America waives any and all claims which it may or might have against France on account of or arising from any and all of the transactions referred to in the recitals of this contract up to and including September 30, 1919.

ARTICLE THREE. America assigns to France any and all claims which America may or might have against the French railroads on account of or arising from any and all of the transactions referred to in the recitals of this contract up to and including September 30th, 1919, and will, accordingly, hand to France such statements of account as may permit France to make such claims against the French railroads.

ARTICLE FOUR. France waives and will save America harmless from any and all claims which France or the French railroads may or might have against America on account of or arising from any and all of the transactions referred to in the recitals of this contract, and all claims of the French Navigation Office, up to and including September 30, 1919.

ARTICLE FIVE. On and after October 1, 1919, and until December 31, 1919, France will furnish or cause the French railroads to furnish transportation over the French railroads for the personnel, animals, and freight of said forces at the same rates at

maux et matériel des Forces Américaines, en tant qu'il couvre la période s'étendant du 1<sup>er</sup> Octobre 1919, inclus, au 31 Décembre 1919, inclus.

La convention suivante a été agréée d'un commun accord en égard aux considérations ci-dessus et ci-après exposées :

ARTICLE I. *Accord*.—L'Amérique reconnaît devoir à la France la somme de quatre cent trente-quatre millions, neuf cent quatre-vingt cinq mille, trois cent quatre-vingt neuf francs, 73 centimes (434,985,389.73).

ARTICLE II.—L'Amérique renonce à chacune et toutes réclamations qu'elle a, ou pourrait avoir contre la France, causées par ou provenant de chacune et toutes les questions mentionnées dans la teneur de la présente convention jusqu'au 30 Septembre 1919 inclus.

ARTICLE III.—L'Amérique transfère à la France tous les droits sans exception qu'elle peut ou pourrait avoir contre les Réseaux Français à cause ou du fait d'une ou quelconque des questions mentionnées dans l'exposé de la présente convention jusque et y compris le 30 Septembre 1919, et remettra en conséquence à la France les pièces de comptabilité qui lui permettent de formuler des déclarations contre les Réseaux Français.

ARTICLE IV.—La France renonce à et décharge l'Amérique de, chacune et toutes réclamations que la France ou les Réseaux Français ont ou auraient contre l'Amérique à cause, ou du fait de chacune et toutes questions mentionnées dans l'exposé de la présente convention, ainsi que les réclamations de l'Office Français de la Navigation, toutes ces réclamations pour la période s'étendant jusqu'au 30 Septembre, 1919 inclus.

ARTICLE V.—A partir du 1<sup>er</sup> Octobre, 1919 et jusqu'au 31 Décembre 1919, la France assurera le transport sur le réseau ferré français du personnel, animaux et marchandises des Forces Américaines au même tarif et sous les mêmes conditions qui seront appliqués

which and on the same terms and considerations under which said railroads shall, during the same period, furnish transportation for the personnel, animals and freight of the French Army.

In witness whereof, on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman; and by the Republic of France, acting through le Ministre des Travaux Publics, des Transports et de la Marine Marchande.

UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman, United States  
Liquidation Commission—  
War Department.*

REPUBLIC OF FRANCE,  
By A. CLAVEILLE,  
*Ministre des Travaux,  
Publics des Transports et  
de la Marine Marchande.*

1 OCTOBER, 1919.

M. le Ministre des Travaux Publics des Transports et de la Marine Marchande, Paris.

It is understood that the term "American forces" as used in the contract between America and France dated October 1, 1919, for the settlement of transportation matters, up to and including September 30, 1919, includes the American land and naval forces and all affiliated organizations (like the Y. M. C. A., American Red Cross, Salvation Army, Jewish Welfare League, etc.) and that this settlement covers all claims arising out of transportation furnished on Ordres de Transport issued by American authority; but, in waiving the claims referred to in Article Two of said contract America does not undertake to waive any claims which the American Red Cross may have arising out of transportation furnished to it on Ordres de Transport issued by the French Army, but only claims arising out of trans-

pendant la même période aux transports militaires français.

En foi de quoi, le jour et l'année ci-dessus, la présente convention a été faite en quatre expéditions, chacune ayant la valeur et l'effet d'un original, par les Etats-Unis d'Amérique agissant par l'intermédiaire de la Commission de Liquidation des Etats-Unis, Ministère de la Guerre, Edwin B. Parker, président; et par la République Française, agissant par l'intermédiaire du Ministre des Travaux Publics des Transports et de la Marine Marchande.

ÉTATS-UNIS D'AMÉRIQUE,  
Par EDWIN B. PARKER,  
*Le Président de la Commission de  
Liquidation des Etats-Unis, Minis-  
tère de la Guerre.*

REPUBLIQUE FRANÇAISE,  
Par A. CLAVEILLE,  
*Le Ministre des Travaux Publics  
des Transports et de la Marine  
Marchande.*

1<sup>er</sup> OCTOBRE 1919.

Monsieur le Ministre des Travaux Publics des Transports et de la Marine Marchande, Paris.

Il est entendu que le terme "Forces Américaines," tel qu'il est employé dans la convention entre l'Amérique et la France en date du 1<sup>er</sup> Octobre 1919, pour le règlement des affaires de transport jusqu'au 30 Septembre 1919 inclus, comprend les Forces Américaines de terre et de mer et toutes les organisations affiliées (comme le Y. M. C. A., la Croix-Rouge Américaine, l'Armée du Salut, le Welfare League Israélite, etc.) et que ce règlement couvre toutes réclamations causées par les transports fournis sur ordre de transport établis par l'Autorité Américaine; mais en écartant les réclamations dont il est question dans l'article II dudit contrat, l'Amérique n'entreprend pas d'écarter les réclamations que la Croix Rouge Américaine aurait à formuler en raison de transports à elle; fournis sur ordres de

portation under Ordres de Transport issued by the A. E. F.

(Signed) EDWIN B. PARKER,  
*Chairman, U. S. Liquidation  
Commission—War Department.*

Accepted: Paris, 1 October, 1919.

(Signed) A. CLAVEILLE,  
*Le Ministre des Travaux  
Publics des Transports  
et de la Marine Marchande.*

transport établis par l'Armée Française, mais seulement les réclamations causées par les transports par ordres de transport établis par l'A. E. F.

(Signed) EDWIN B. PARKER,  
*Président, Commission de Liquidation U. S., Ministère de la Guerre.*

Accepté: Paris, 1<sup>er</sup> Octobre 1919.

(Signé) A. CLAVEILLE,  
*Le Ministre des Travaux Publics  
des Transports et de la Marine  
Marchande.*

### APPENDIX XXX.

#### CONTRACT BETWEEN UNITED STATES OF AMERICA AND REPUBLIC OF FRANCE. OCTOBER 1, 1919—PORT DUES SETTLEMENT.

This contract, entered into this first day of October, A. D. 1919, by and between the United States of America (hereinafter called America), acting through the United States Liquidation Commission—War Department, of the one part; and the Republic of France (hereinafter called France), acting through le Ministre des Travaux Publics des Transports et de la Marine-Marchande, of the other part; witnesseth:

##### *Recitals.*

That *whereas*, vessels operating in the service of or transporting persons or property for America have, under an arrangement entered into between France and the American Expeditionary Forces, used the ports of France since America's entry into the war on April 6th, 1917, and will use said ports until the total evacuation of France by the American Forces; and

*Whereas*, claims have been and are being made in connection with the use of said ports by said vessels, especially on account of the nonpayment of port dues (taxe de péage), and on account of the expenses incurred in raising the water level at St. Nazaire; and

*Whereas*, the parties desire to settle and adjust all of said claims of every nature whatsoever now **existing and to**

Entre le Gouvernement des Etats-Unis d'Amerique (ci-apres denommées Amerique) represente par la Commission de Liquidation du Departement de la Guerre des Etats-Unis d'une part, et le Gouvernement de la Republique Française (ci-apres denommée France) represente par M. le Ministre des Travaux Publics des Transports et de la Marine Marchande d'autre part, il a été conclu, a la date du 1 Octobre, 1919, le contrat suivant:

##### *Expose.*

Etant donné que les navires, au service de l'Amerique, ou transportant du personnel ou des marchandises pour son compte, d'après une convention établie entre la France et les Forces Expeditionnaires Americaines, ont utilisé les ports français depuis l'entrée en guerre de l'Amerique, le 6 Avril 1917, et les utiliseront encore jusqu'à l'évacuation totale de la France par les Forces Americaines,

Etant donné que des réclamations ont été faites et le sont encore, au sujet de l'usage des dits ports par les dits navires, particulièrement a cause du non paiement des taxes de peage et au sujet des dépenses occasionnées par le relevement du plan d'eau de St. Nazaire.

Etant donné que les hautes parties contractantes desirant determiner et liquider toutes les reclamations telles

readjust said arrangement in so far as it concerns the period from the present date until the total evacuation of France by the American Forces;

Now, *therefore*, in consideration of the premises and for the other considerations herein stated, it is agreed as follows:

ARTICLE ONE. *Agreement*.—America will pay to France the sum of three million (3,000,000) francs.

ARTICLE TWO. France waives and will save America and said vessels, their owners, charterers or masters, harmless from any and all claims which France, or the chambers of commerce, or the municipalities of said ports, or any one whosoever, may have, on account of the use of said ports by said vessels, from the entry of America into the war until the date hereof, for port dues (taxe de péage), or for expenses in raising the water level at St. Nazaire or elsewhere, or for any other port facility or service afforded to said vessels, *save only* the special charges for pilotage, for the occupation of hangars, for the use of cranes, and for similar special facilities and services (hereinafter designated "special services") for which America has been paying currently and will continue to pay when and as rendered.

ARTICLE THREE. France agrees that such vessels may, from the present date until the total evacuation of France by the American forces, use said ports without paying for said use during said period any of said port dues (taxe de péage), and without paying any of the expenses for raising the water level at St. Nazaire or elsewhere, and without paying for any other port facility or service afforded to such vessels (save only said special services), and will save America and such vessels, their owners, charterers, and masters,

qu'elles existent à l'heure actuelle et incorporer dans la présente convention toutes celles qui s'appliquent à la période s'étendant depuis ce jour jusqu'à l'évacuation totale de la France par les Forces Américaines;

La convention suivante a été passée, par applications des considérations ci-dessus et suivant les dispositions contenues dans le présent document:

Article 1. *Accord*.—L'Amérique paiera à la France la somme de trois million de francs (3,000,000).

Article II. La France exonère l'Amérique et les dits navires, ainsi que leurs propriétaires, locataires ou capitaines, de toutes les réclamations que le Gouvernement Français, ou les chambres de commerce, ou les municipalités des dits ports, ou n'importe quelles autres autorités, peuvent faire valoir, au sujet de l'usage des dits ports par les dits navires, depuis l'entrée en guerre de l'Amérique jusqu'à la date ci-dessus indiquée soit pour des taxes de peage ou des dépenses occasionnées par le relevement du plan d'eau de Saint-Nazaire ou autres ports, soit pour tous autres services rendus aux dits navires dans un port quelconque: exception est faite seulement pour les frais spéciaux de pilotage, d'occupation de hangars, d'usage de grues et pour les avantages et services spéciaux de même nature (frais, avantages et services désignés sous le nom ci-après, de "Services spéciaux") pour lesquels l'Amérique a payé et continuera de payer au fur et à mesure.

ARTICLE III.—La France admet que les dits navires pourront, à partir de cette date jusqu'à l'évacuation totale de la France par les Forces Américaines, utiliser les dits ports sans avoir à payer, pendant la dite période, aucune des taxes de peage, ni aucune des dépenses de relevement du plan d'eau de St. Nazaire ou d'autres ports, ni aucun autre service rendu aux dits navires dans un port quelconque (excepté seulement s'il s'agit des Services dits Spéciaux) et elle exonérera par suite l'Amérique et les dits navires,

harmless from any and all claims on account of all of the foregoing, save only claims on account of the said special services.

In witness whereof, on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman; and by the Republic of France, acting through le Ministre des Travaux Publics des Transports et de la Marine Marchande.

UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman, United States Liquidation  
Commission—War Department.*

REPUBLIC OF FRANCE.  
By A. CLAVEILLE,  
*Le Ministre des Travaux  
Publics des Transports  
et de la Marine Marchande.*

ainsi que leurs propriétaires, locataires et capitaines, de toutes réclamations, conformément aux indications ci-dessus, à l'exception seulement des réclamations concernant les Services dits Spéciaux.

En foi de quoi et à la date ci-dessus indiquée le présent contrat a été dressé en quatre exemplaires, pour valoir chacun d'eux comme original, par le Gouvernement des Etats-Unis d'Amérique agissant par l'intermédiaire du Président de la Commission de Liquidation du Ministère de la Guerre des Etats-Unis, Edwin B. Parker, et par le Gouvernement de la République Française agissant par l'intermédiaire de Monsieur le Ministre des Travaux Publics des Transports et de la Marine Marchande.

ETATS-UNIS D'AMERIQUE,  
Par EDWIN B. PARKER,  
*Président de la Commission  
de Liquidation du Département  
de la Guerre des  
Etats-Unis.*  
REPUBLIQUE FRANÇAISE,  
Par A. CLAVEILLE,  
*Le Ministre des Travaux  
Publics des Transports et  
de la Marine Marchande.*

### APPENDIX XXXI.

CONTRACT BETWEEN UNITED STATES OF AMERICA AND REPUBLIC OF FRANCE  
EVIDENCING GENERAL SETTLEMENT OF ALL MUTUAL ACCOUNTS, CLAIMS, AND  
DEMANDS ARISING IN EUROPE, NOVEMBER 20, 1919.

This contract entered into this 20th day of November, A. D. 1919, by and between the United States of America (hereinafter called "America"), acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, of the one part, and the Republic of France (hereinafter called "France") acting through the Contrôleur de l'Administration de l'Armée Edouard Boulanger, under reserve of the approval of the interested ministers, of the other part, witnesseth:

*General considerations.*

That whereas, between the 6th day of April, 1917, and the 20th day of

Le présent contrat rédigé le 20 Novembre 1919 a été établi par et entre:

Le Gouvernement des Etats-Unis (appelé ci-après Amérique) représente par la Commission de Liquidation des Etats-Unis du Département de la Guerre, Edwin B. Parker, président, d'une part, et la République Française (appelée ci-après France) représentée par M. le Contrôleur de 1<sup>re</sup> Classe de l'Administration de l'Armée, Boulanger, agissant, sous réserve de l'approbation des Ministres intéressés, d'autre part.

*Considerations générales.*

Etant donné qu'entre le 6 Avril 1917 et le 20 Aout 1919, (période dénommée

August, 1919 (hereinafter designated "War period") the War Department of the United States of America and the American Expeditionary Forces on the one part (hereinafter called "War Department") and the Republic of France, on the other part, had numerous transactions between each other connected with or incidental to the conduct of the war in the prosecution of which the parties were associated; and

Whereas America, for said War Department, and France desire, with respect to such of the said transactions as occurred in Europe, to make full, final and complete settlement of all bills, accounts, claims, obligations, demands, rights and causes of action of every nature whatsoever, whether growing out of the delivery of or contract for the delivery of material, supplies or equipment or for services rendered, or contracted to be rendered, or for the occupation and use of all public properties of France of the domain of the State and all damages thereto, initiated or otherwise arising or accruing during the said war period, said settlement to be hereinafter designated as a "European settlement"; and

Whereas the said European settlement "relates wholly and solely to the transactions concerning which the procedure was established by mutual agreements by the following instructions:

Instruction No. 4 of January 17, 1918, of the Office General des Relations Franco-Américaines;

Instruction No. 4 bis of October 28, 1918, of the Commissariat General des Affaires de Guerre Franco-Américaines;

Instruction No. 15 of October 2, 1918, issued by the Commissariat General des Affaires de Guerre Franco-Américaines;

Copy of these instructions are annexed hereto and marked for identification Exhibit A.

ci-apres "Periode de Guerre"), le Departement de la Guerre des Etats-Unis d'Amerique ainsi que les Forces Expeditionnaires Americaines (denommes ci-apres "Departement de la Guerre") d'une part, et la Republique Francaise, d'autre part, ont eu entre eux de nombreuses transactions liees plus ou moins incidemment a la conduite de la Guerre pour la poursuite de laquelle les deux parties s'etaient associees;

Etant donne que l'Amerique, pour le dit Departement de la Guerre, et la France desirerent etablir un reglement entier, definitif et complet, en raison des transactions mentionnees ci-apres qui se sont poursuivies en Europe, de toutes les factures, comptes, reclamations, obligations, demandes, droits et motifs d'actions de quelque nature que ce soit, qui proviennent de la livraison ou de contrats pour la livraison du materiel, approvisionnements ou equipements, ou pour services rendus ou devant etre rendus suivant contrat, ou pour l'occupation et usage de toutes les proprietes publiques de la France du Domaine de l'Etat et tous dommages qui pourraient y avoir ete faits, ou engendres d'une autre maniere, survenant ou s'augmentant pendant la dite periode de Guerre, le dit reglement devant etre ci-apres designe sous le nom de "Reglement Europeen."

Etant entendu que le dit "Reglement Europeen" s'etend en totalite et uniquement aux transactions dont la procedure a ete etablie d'un commun accord par les instructions ci-apres:

No. 4, du 17 Janvier 1918 de l'Office General des Relations Franco-Américaines;

No. 4 bis du 28 Octobre 1918, du Commissariat General des Affaires de Guerre Franco-Américaines;

No. 15 du 2 Octobre 1918, du Commissariat General des Affaires de Guerre Franco-Américaines;

Desquelles instructions un exemplaire est annexe au present contrat (annexe C).



Now, *therefore*, in consideration of the premises and for the other considerations herein stated, it is mutually agreed between the parties hereto as follows:

ARTICLE I. The total of all amounts to the credit of France against the said War Department aggregates one billion nine hundred fifty-seven million seven hundred fifty-nine thousand one hundred and thirteen francs forty-one centimes (frs. 1,957,759,113.41) plus five million four hundred twenty-two thousand seven hundred and six and 15/100 (\$5,422,706.15) dollars.

ARTICLE II. The total of all amounts to the credit of America for the said War Department against France aggregates four hundred and sixty-nine million one hundred and forty thousand and eighty-five francs eighty-nine centimes (frs. 469,140,085.89), plus twenty-one million eight hundred fifty-nine thousand six hundred sixty and 20/100 (\$21,859,660.20) dollars.

ARTICLE III. All bills, accounts, claims, obligations, and demands of every nature whatsoever in respect of the aforesaid transactions between the said War Department on the one part and the Republic of France on the other part, which said transactions arose or accrued in Europe prior to August 20, 1919, and which are not embraced in this European settlement, shall be forever barred and shall not be asserted by one of the parties hereto against the other.

ARTICLE IV. It is further agreed between the parties hereto as follows:

(a) In this European settlement America has agreed to transfer and pay to France, in specie, the sum of 6,986,500.43 Swiss francs now on deposit at Berne, Switzerland, to the credit of the financial requisition officer, American forces in France, in consideration for which France has agreed to give and has given America credit in French francs at an exchange

En consequence, etant donne ce qui precede et etant donne les autres considerations ci-incluses, il est decide d'un commun accord ce qui suit entre les dites parties:

ARTICLE I. Le montant total des creances de la France sur le dit Departement de Guerre des Etats-Unis se montent a un milliard neuf cents cinquante sept millions sept cent cinquante neuf mille cent treize francs et quarante et un centimes (frs. 1,957,759,113.41 plus cinq millions quatre cent vingt-deux mille sept cent six dollars et quinze cents (\$5,422,706.15).

ARTICLE II. Le montant total des creances de l'Amerique pour le dit Departement de la Guerre sur la France se montent a quatre soixante-neuf millions cent quarante mille quatre-vingt cinq francs et quatre-vingt neuf centimes (frs. 469,140,085.89) plus vingt et un millions huit cent cinquante neuf mille six cent soixante dollars et vingt cents (\$21,859,660.20).

ARTICLE III. Toutes les factures, comptes, reclamations et demandes, de quelque nature que ce soit, en ce qui concerne les transactions mentionnees ci-dessus entre le dit Departement de la Guerre des Etats-Unis, et la Republique Francaise et afferentes a des livraisons effectuees ou a des services rendus en Europe anterieurement au 20 Aout 1919 et qui ne sont pas cententes dans ce "Reglement Europeen" seront considerees comme forecloses definitivement et ne pourront plus etre representees par l'une des parties contre l'autre.

ARTICLE IV. En outre il est convenu ce qui suit entre les parties:

(a) Dans ce "Reglement Europeen," l'Amerique a convenu de transferer et de payer a la France, en especes, la somme de six millions neuf cent quatre vingt six mille cinq cents francs suisses quarante-trois (6,986,500.43) deposee maintenant a Berne (Suisse) au credit du "Financial Requisition Officer" des Forces Americaines en France, pour lequel la

value of 1.1625; that is to say, in the sum of 8,121,806.75 French francs.

France has agreed and does hereby agree that in the event the balance in the general settlement now being negotiated between France and America should be in favor of America, then in such event the said sum of 8,121,806.75 French francs will be promptly repaid to America in cash.

(b) America heretofore seized, as a prize of war, 2,614.30 metric tons of coal and thereafter delivered same to France, charging same against France in the coal exchange account in the sum of fifty-four thousand seven hundred fifty-three dollars ten cents (\$54,753.10). A question has arisen as to whether or not this coal was enemy war material, and this question has been referred to the Franco-Belge Commission de Recuperation. Should this commission decide that said coal was not enemy war material, then in such event America agrees to pay France the amount charged for the said coal, namely, \$54,753.10.

(c) Certain aircraft material of the value of sixty-four thousand four hundred eighteen francs nine centimes (frs. 64,418.09) furnished by the "Tardieu Mission" of the French Government to the said War Department has been by the said War Department returned to the French Commission and is now held by it in America as the property of the French Government. Without obligating itself to purchase same, America agrees to cause an investigation to be promptly made and if it finds it can use the said material to advantage, it will take delivery of and pay for same at a price to be fixed by agreement between the two Governments.

France a accepte de donner et a ouvert a l'Amerique un credit en francs francais au taux du change de 1.1625 d'est-a-dire un montant de huit millions cent vingt et un mille huit cent six francs francais soixante quinze, (8,121,806.75).

La France a accepte et accepte par la presente, dans le cas ou la balance du reglement general en cours de negociation entre la France et l'Amerique serait en faveur de l'Amerique, que, dans ce cas, la dite somme de 8,121,806.75 francs francais serait remboursee sans delai a l'Amerique en especes.

(b) L'Amerique a saisi comme prises de guerre, 2,614,300 tonnes metriques de charbon, qu'elle a, par la suite, delivrees a la France. Ce charbon a ete porte au debit de la France dans le compte d'echange des charbons pour la somme de cinquante quatre mille sept cent cinquante trois dollars dix cents (\$54,753.10). Une question s'est elevee sur le point de savoir si ce charbon etait ou non du materiel ennemi de guerre et cette question a ete soumise a la Commission de Recuperation Franco-Belge. Si la Commission decidait que le dit charbon n'etait pas du materiel ennemi de guerre, dans ce cas l'Amerique accepterait de payer a la France la somme qui lui a ete debitee pour ce charbon, c'est-a-dire: 54,753.10 dollars.

(c) Un certain nombre de materiel d'aviation d'une valeur de soixante quatre mille quatre cent dix huit frs. neuf (frs. 64,418.09), fourni par la Mission Tardieu du Gouvernement Francais au dit Departement de la Guerre, a ete rendu par ce dit Departement de la Guerre a la Mission Francaise et est maintenant garde par cette derniere en Amerique comme propriete du Gouvernement Francais. Sans prendre l'obligation de acheter ce materiel, l'Amerique accept de provoquer sans delai des etudes dans le but de savoir si ce materiel peut etre utilisee avantageusement par elle et dans ce cas elle en prendra possession et elle la paiera a un prix a etabli

(d) Under the contract entered into between America and France dated August 28, 1919, dealing with artillery and ammunition, France agreed to supply America with materials as follows:

1. 944 75-m/m gun materials, model 1897, with limbers.

2. 700 155-m/m howitzer materials, model 1917, Schneider design, with limbers.

3. 198 155-m/m G. P. F. materials, with limbers.

4. Collection of additional parts, as in said contract more specifically described.

The amount due by America under the terms of the said contract of August 28, 1919, has been taken into account in computing the amounts to the credit of France mentioned in Article I hereof. The delivery of materials which France contracted to deliver under the terms of said contract has not yet been completed, and nothing herein contained shall release France from its obligation to promptly complete such deliveries.

In witness whereof on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, of the one part, and by the Republic of France, acting through the Controleur de l'Administration de l'Armee, Edouard Boulanger, acting under reserve of the approval of the interested ministers, of the other part.

UNITED STATES OF AMERICA,

By EDWIN B. PARKER,

*Chairman, United States*

*Liquidation Commission—*

*War Department.*

REPUBLIC OF FRANCE,

By L. BOULANGER,

*Controleur de l'Administration  
de l'Armee.*

après entente entre les deux Gouvernements.

(d) Aux termes du contrat établi entre l'Amerique et la France, en date du 28 Aout 1919, au sujet de l'Artillerie et des Munitions, la France s'est engagée a fournir a l'Amerique les matériels suivantes:

1. 944 matériel de 75, modele 1897 avec avant-train.

2. 700 matériel de 155 court, modèle 1917 Schneider avec avant-train.

3. 198 matériel de 155 G. P. F. avec avant-train.

4. Collections de pieces de rechange comme il est indique en detail dans le contrat susvisee.

La somme due par l'Amerique aux termes du dit Contrat du 28 Aout 1919 a ete incluse dans l'établissement du montant du credit de la France figurant a l'Article I ci-dessus. Les matériels que la France s'est engagé a fournir aux termes du dit Contrat n'ont pas encore ete fournis entierement; il est entendue que le present contrat n'a pas pour effet de decharger la France de son obligation de satisfaire rapidement a ces cessions.

En foi de quoi, le jour et l'annee precites, le present contrat a ete redige en quatre exemplaires, chacun d'eux ayant la meme valeur et effet qu'un original, par les Etats-Unis d'Amerique, representes par la Commission de Liquidation des Etats-Unis, Departement de la Guerre, Edwin B. Parker, president, d'une part, et par la Republique Francaise, representee par M. le Controleur de 1ere Classe de l'Administration de l'Armee Boulanger, agissant sous reserve de l'approbation des Ministres interesses, d'autre part.

ETATS-UNIS D'AMERIQUE.

Par EDWIN B. PARKER,

*President, Commission de Liquidation  
des Etats-Unis, Departement de la  
Guerre.*

REPUBLIQUE FRANCAISE,

Par L. BOULANGER,

*Controlleur de l'Administration de  
l'Armee.*

## UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT.

*Statement of account between the United States of America and the Republic of France in settlement of bills, accounts, claims, and obligations of whatsoever nature growing out of the delivery of or contract for the delivery of material, supplies, or equipment, or for services rendered or contracted to be rendered, or for the occupation and use of all public properties in Europe between Apr. 6, 1917, and Aug. 20, 1919.*

CHARGES OF THE UNITED STATES AGAINST THE REPUBLIC OF FRANCE.		Amount in dollars.	Amount in francs.	CREDITS DUE THE REPUBLIC OF FRANCE FROM THE UNITED STATES.	Amount in dollars.	Amount in francs.
1. Bills rendered by the American Expeditionary Forces for material and supplies and services rendered to Aug. 20, 1919, as per summary of account, Exhibit C-E.		21,839,660.20	455,018,270.14	1. Bills rendered by the Republic of France for material and supplies and services rendered to Aug. 20, 1919, as per summary of account, Exhibit "D."		1,661,051,434.82
2. Payment of Swiss francs on account of Requisition Order No. 483, P. O. D. 710, dated Jan. 2, 1918, for 8,000,000 fuses; authorized by United States Liquidation Commission meeting Nov. 10, 1919; 5,217,019.37 Swiss francs @ 1.1625.			6,064,819.90	2. General settlement for artillery and ammunition contract dated Aug. 28, 1919, signed by Gen. Maurin for the Republic of France and Col. E. D. Bricker for Chief of Ordnance, War Department of the United States.		117,501,887.45
3. Payment of Swiss francs which is to be used by the French Government in settlement of contracts in Switzerland on account of fuses; authorized by United States Liquidation Commission meeting Nov. 10, 1919; 1,769,451.06 Swiss francs @ 1.1625.			2,056,986.85	3. Amount due for machining (c) in article (1) of artillery and ammunition contract dated Aug. 28, 1919, contract for machining dated Nov. 20, 1919.		861,000.00
4. Amount due on a count of sale to France of Chateaufort tank plant, contract between the United States of America and the Government of His Britannic Majesty, dated Jan. 22, 1919, amount to be paid by France, francs 20,000,000; United States proportion 50 %.			6,000,000.00	1. General settlement for airplanes and motors—contract dated Nov. 10, 1919, signed by E. B. Parker, chairman United States Liquidation Commission—War Department, and Gen. M. Duval, Directeur Aeronautique Militaire.	1,880,403.60	167,780,066.00
				5. A. E. F. bills where cessions had been consummated subsequent to May 6, 1919, and which according to agreement the French Government is to receive a credit of 30 %.	2,594,924.09	10,516,725.14
				6. Property sold in conformance with cessions as outlined in M. Paul Morel's letter of Aug. 16, 1919, the value of which has been billed vs. the French Government or collected from individuals and not included in cessions subsequent to May 6, 1919.	\$2,035.00	48,000.00
		21,839,660.20	469,140,085.89	Total credits due the Republic of France from the United States of America.	5,422,706.15	1,957,759,113.41
			1,488,619,027.52	Balance due the United States from the Republic of France.	16,436,954.05	
		21,839,660.20	1,957,759,113.41		21,859,660.20	1,957,759,113.41

The foregoing statement does not include the following:

1. Amount due to the French Government under agreement of Oct. 1, 1919, whereby the French Government assumes all claims and charges of French railways and the French Government for rail transportation services rendered from Aug. 6, 1917, to Oct. 1, 1919, frs. 434,983,389.73.
2. Amount due under agreement with French Republic of Oct. 1, 1919, in consideration of the French Government assuming and indemnifying the United States against all claims for port dues, frs. 3,000,000.
3. Amount due the French Government for ocean transportation of American troops, being handled by Gen. Hines and the French marine service, estimated by Gen. Hines at \$4,517,780.98.

Paris, France, November 28, 1919.

## APPENDIX XXXII.

## CONTRACT FOR THE GENERAL SETTLEMENT BETWEEN THE UNITED STATES OF AMERICA AND REPUBLIC OF FRANCE, NOVEMBER 25, 1919.

This contract, entered into this 25th day of November, A. D. 1919, by and between the United States of America (hereinafter called "America") acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, on the one part, and the Republic of France (hereinafter called "France"), acting through le Sous-Secrétaire d'Etat aux Finances, Paul Morel, on the other part, witnesseth:

That *whereas*, between the 6th day of April, 1917, and the 20th day of August, 1919 (hereinafter designated "War period"), the War Department of the United States of America and the American Expeditionary Forces, on the one part (hereinafter called "War Department") and the Republic of France, on the other part, had numerous transactions between each other connected with or incidental to the conduct of the war in the prosecution of which the parties were associated; and

*Whereas* America, for the said War Department, and France desire to make a full, final, and complete settlement in respect to the transactions aforesaid of all bills, accounts, claims, obligations, demands, rights, and causes of action of every nature whatsoever, whether growing out of the delivery of or contracts for the delivery of material, supplies, or equipment, or for services rendered or contracted to be rendered, or for the occupation and use of all public properties of France and all damages thereto, initiated or otherwise arising or accruing during the said war period, said settlement to be hereinafter designated as "General settlement"; and

*Whereas* the parties hereto, in arriving at such general settlement, have

le contrat rédigé le 25 Novembre 1919 a été établi par et entre le Gouvernement des Etats-Unis (appelé ci-après Amérique) représenté par la Commission de Liquidation des Etats-Unis du Département de la Guerre, Edwin B. Parker, Président, d'une part; et la République Française (appelée ci-après France) représentée par M. le Sous-Secrétaire d'Etat aux Finances, Paul Morel, d'autre part;

Etant donné qu'entre le 6 Avril 1917 et le 20 Août 1919, (dénommé ci-après "Période de Guerre"), le Département de la Guerre des Etats-Unis d'Amérique, ainsi que les Forces Expéditionnaires Américaines (dénommés ci-après "Département de la Guerre") d'une part, et la République Française, d'autre part, ont eu entre eux de nombreuses transactions liées plus ou moins incidemment à la conduite de la Guerre pour la poursuite de laquelle les deux parties s'étaient associées; et

Etant donné que l'Amérique, pour le dit Département de la Guerre, et la France désirent établir un règlement entier, définitif et complet, en raison des transactions mentionnées ci-dessus, de toutes les factures, comptes, réclamations, obligations, demandes, droits et motifs d'actions de quelle que nature que ce soit, qui proviennent de la livraison ou de contrats pour la livraison du matériel, approvisionnements ou équipements, ou pour services rendus ou devant être rendus suivant contrat, ou pour l'occupation et l'usage de toutes les propriétés publiques du domaine de l'Etat Français et tous dommages qui pourraient y avoir été faits ou engendrés, ou d'une autre manière s'élevant ou s'accumulant pendant la dite Période de Guerre, le dit règlement devant être désigné sous le nom de "Règlement Général"; et

Etant donné que les parties ci-dessus désignées en arrivant à ce règlement

agreed that in respect to the transactions aforesaid the total of all franc credits due each party shows a net balance due France of one billion four hundred eighty-eight million six hundred nineteen thousand and twenty-seven francs and fifty-two centimes (frs. 1,488,619,027.52), and the total of all dollar credits due each party shows a net balance due America of one hundred seventy-seven million one hundred forty-nine thousand eight hundred and sixty-six and 86/100 (\$177,149,866.86) dollars:

Now, *therefore*, in consideration of the premises and of the agreement on the part of America to pay France the said sum of one billion four hundred eighty-eight million six hundred and nineteen thousand and twenty-seven francs and fifty-two centimes (frs. 1,488,619,027.52) and the agreement on the part of France to pay America the said sum of one hundred seventy-seven million one hundred forty-nine thousand eight hundred sixty-six and 86/100 (\$177,149,866.86) dollars, it is mutually agreed between the parties hereto as follows:

ARTICLE I. The Republic of France does hereby fully, completely, and in all things, release and discharge the United States of America, and the United States of America does hereby fully, completely, and in all things, release and discharge the Republic of France in respect of the transactions aforesaid, from all bills, accounts, claims, obligations, demands, rights, causes of action, suits, and controversies of every nature whatsoever which either party now has against the other, or which may hereafter arise, whether by reason of or in anywise incident to or growing out of the delivery or contract for the delivery of materials, supplies or equipment, or for services rendered, or contracted to be rendered, or for the occupation and use of all public properties of France and all damages thereto or otherwise

général ont décidé qu'en raison des transactions désignées plus haut la somme de tous les crédits en Francs dus à chaque partie fait ressortir une balance nette en faveur de la France de un milliard quatre cents quatre-vingt-huit million six cent dix-neuf mille vingt-sept francs et cinquante-deux centimes (frs. 1,488,619,027.52) et la somme de tous les crédits en dollars dus à chaque partie fait ressortir une balance nette en faveur de l'Amérique de cent soixante-dix-sept million cent quarante-neuf mille huit cent soixante-six dollars et quatre-vingt-six cents (dollars 177,149,866.86) :

En conséquence, étant donné ce qui précède, et étant donné l'acceptation de la part de l'Amérique de payer à la France la dite somme de un milliard quatre cents quatre-vingt-huit million six cent dix-neuf mille, vingt-sept francs et cinquante-deux centimes (frs. 1,488,619,027.52) et l'acceptation de la France de payer à l'Amérique la dite somme de cent soixante-dix-sept million cent quarante-neuf mille huit cent soixante-six dollars et quatre-vingt-six cents (dollars 177,149,866.86), il est décidé d'un commun accord ce qui suit entre les dites parties :

ARTICLE I. Par ces présentes, la République Française libère et décharge tout à fait, complètement et en toutes manières les Etats-Unis d'Amérique et les Etats-Unis d'Amérique libèrent, déchargent tout à fait, complètement et en toutes manières la République Française, en raison des transactions mentionnées ci-dessus, de toutes les factures, comptes, réclamations, obligations, demandes, droits, motifs d'actions, poursuites et controverses de toute nature, aussi bien ceux que l'une et l'autre partie à l'heure actuelle à faire valoir l'une contre l'autre, que ceux qui peuvent s'élever par la suite soit en raison de, soit touchant de quelle que manière que ce soit à, soit provenant de la livraison ou de contrats pour la livraison de matériel, approvisionnements ou équipements, ou pour services rendus ou devant être

initiated, arising or accruing during the said war period between the said War Department on the one part and the Republic of France on the other part.

ARTICLE II. Nothing hereinbefore contained shall be held or construed to in anywise annul, alter, modify, or affect the obligations of France held by America or the obligations of either party hereto arising out of the following special contracts or agreements namely:

(a) The contract between America and France, dated August 1st, 1919, whereby America sold and France purchased certain properties therein referred to, France agreeing to pay therefor the sum of four hundred million (\$400,000,000) dollars with interest thereon, at the time and under the terms mentioned therein;

(b) The contract between America and France for the settlement of railroad transportation and other claims, dated October 1st, 1919, in which America agrees to pay France the sum of four hundred thirty-four million nine hundred eighty-five thousand three hundred eight-nine and 73/100 (frs. 434,985,389.73) francs;

(c) The contract between America and France for the settlement of all port dues and similar claims, dated October 1st, 1919, in which America agrees to pay France the sum of three million (frs. 3,000,000) francs;

(d) All contracts, agreements or arrangements entered into between America and France for or in connection with sales made by America to France in the United States since November 11th, 1918.

rendus par suite de contrats ou pour l'occupation et l'usage de toutes propriétés publiques du domaine de l'Etat Française et tous dommages qui pourraient y avoir été faits ou engendrés ou d'une autre manière s'élevant ou s'accumulant durant la dite Période de Guerre entre le dit Département de la Guerre d'une part, et la République Française d'autre part.

ARTICLE II. Rien de ce qui est contenu ci-dessus ne doit être retenu ou interprété de façon à annuler, altérer ou modifier ou affecter en quelle que manière que ce soit les obligations de la France envers l'Amérique ou les obligations de l'une et l'autre partie ci-contre provenant des contrats ou accords spéciaux qui suivent, à savoir:

(a) Le Contrat entre l'Amérique et la France, en date du 1<sup>er</sup> Aout 1919, par lequel l'Amérique a vendu et la France a acheté certaines propriétés auxquelles il est fait allusion dans le Contrat en question, la France consentant à payer par la même la somme de quatre cents millions de dollars avec l'intérêt à l'époque et sous les conditions mentionnés dans le Contrat en question.

(b) Le Contrat entre l'Amérique et la France pour le règlement des transports par chemin de fer et d'autres réclamations, en date du 1<sup>er</sup> Octobre 1919, par lequel l'Amérique consent à payer à la France la somme de quatre cent trente quatre millions neuf cent quatre-vingt cinq mille trois cent quatre-vingt neuf francs et 73 centimes (434,985,389.73) frs.

(c) Le Contrat entre l'Amérique et la France pour le règlement de toutes les taxes de péage et des réclamations de même nature, en date du 1<sup>er</sup> Octobre 1919, par lequel l'Amérique consent à payer à la France la somme de trois millions de francs (3,000,000.00) frs.

(d) Tous contrats, accords ou ententes passés entre l'Amérique et la France pour ou relativement à des ventes faites par l'Amérique à la France aux Etats-Unis depuis le 11 Novembre 1918.



ARTICLE III. This contract shall not operate as a release or modification of or in any wise affect whatever claim France may now have against America growing out of services rendered by France to America during the war period in connection with the ocean transportation of American troops.

ARTICLE IV. This contract shall not be construed to relate to or in any wise affect claims or demands howsoever arising between the nationals of either country, on the one part, and the parties hereto, or either of them, or their nationals, on the other part. Neither shall it in any wise affect transactions pertaining to any department or departments, agency or agencies of the Government of the United States of America other than the said War Department and all of the agencies of the said War Department and the American Army and all of its branches and agencies.

In witness whereof, on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, and by the Republic of France, acting through le Sous-Secrétaire d'Etat aux Finances, Paul Morel.

UNITED STATES OF AMERICA,

By EDWIN B. PARKER,

*Chairman, United States Liquidation Commission—War Department.*

REPUBLIC OF FRANCE,

By P. MOREL,

*Le Sous-Secrétaire d'Etat aux Finances,*

ARTICLE III. Ce Contrat n'aura pas pouvoir d'annuler, modifier ou affecter de quelle que manière que ce soit toutes réclamations que la France pourrait avoir à l'heure actuelle à faire valoir contre l'Amérique et provenant des services rendus par la France à l'Amérique pendant la Période de Guerre et ayant trait aux transports des troupes américaines sur l'Océan.

ARTICLE IV. Ce Contrat ne doit être interprété comme se rapportant d'une manière quelconque ou affectant de quelle que manière que ce soit les réclamations ou demandes de toute nature, s'élevant entre les nationaux de l'un et l'autre Pays, d'une part, et les parties ci-incluses ou l'une d'elles, ou leurs Nationaux, d'autre part. Ce Contrat concerne uniquement le Département de la Guerre et toutes les Agences du dit Département de la Guerre, l'Armée Américaine et toutes ses branches et Agences, mais ne concerne nullement un autre ou plusieurs autres Départements du Gouvernement des Etats-Unis d'Amérique ainsi que leur Agences.

En foi de quoi, le jour et l'année au début précités, ce Contrat a été rédigé en quatre exemplaires, chacun d'eux ayant la même valeur et effet qu'un original, par les Etats-Unis d'Amérique, représentés par la Commission de Liquidation des Etats-Unis, Département de la Guerre, Edwin B. Parker, Président, et par la République Française, représentée par M. le Sous-Secrétaire d'Etat aux Finances, Paul Morel.

ETATS-UNIS D'AMERIQUE,

Par EDWIN B. PARKER,

*Président, Commission de Liquidation des Etats-Unis—Département de la Guerre.*

REPUBLIQUE FRANÇAISE,

Par P. MOREL,

*Sous-Secrétaire d'Etat aux Finances.*



Revolvers.....	44,021.60				
Alcohol.....	30.47				
Embarcation.....	38,000.00				
Hides.....	493,710.90				
Inspection of vegetables.....	3,971.32				
Shoeing.....	74,458.37				
Telephone service.....	52.85				
Transportation of revolvers.....	871.20				
Transportation of French Army band.....	1,380.00				
Cancellation of Vickers tank contract.....	3,485.51				
Less credits allowed:					
Hardwoods.....	\$17,017.53				
Inspection charges.....	879.05				
J. G. White & Co., material.....	258,499.53				
Revolvers.....	5.52				
Alcohol.....	30.47				
	276,371.80				
	64,633,981.12				
<i>Claims originating in France.</i>					
1. Settlement of September 17, 1919, between M. Duval, Directeur de l'Aéronautique Militaire of the French Republic, and Mr. Monte Apffel, Special representative of the Secretary of War of the United States, covering raw material and spare parts for Gnome engines furnished the French Government.....			999,970.94		
2. Settlement of September 30, 1919, between M. Duval, Directeur de l'Aéronautique Militaire of the French Republic, and Mr. Monte Apffel, Special representative of the Secretary of War of the United States, covering J. G. White aeroplane material furnished the French Government.....			1,117,814.40		
3. Settlement between Mr. Chester W. Culhuff, Special representative of the Secretary of War, and Mr. Roger Casnave, representing the French Government, covering Le Rhone spare parts.....			364,391.90		
6. Bills rendered by the A. E. F. covering cessions consummated subsequent to May 6, 1919, of which the French Government is to receive a credit of 50%.....					2,594,924.09
7. Property sold in conformance with cessions as outlined in M. Paul Morel's letter of August 16, 1919, the value of which has been billed vs. the French Government or collected from individuals and not included in cessions subsequent to May 6, 1919.....					82,035.00
					48,000.00
					10,516,725.14

## Statement of account between the United States of America and the Republic of France in settlement of bills, etc.—Continued.

	Amount in dollars.	Amount in francs.		Amount in dollars.	Amount in francs.
CHARGES OF THE UNITED STATES AGAINST THE REPUBLIC OF FRANCE—Continued.			CREDITS DUE THE REPUBLIC OF FRANCE FROM THE UNITED STATES—continued.		
<i>Claims originating in France—Continued.</i>			<i>Claims originating in France—Continued.</i>		
4. Bills rendered by the American Expeditionary Forces for material and supplies and services rendered.....	21,859,660.20	455,018,279.14			
<i>Dollars.</i>					
<i>Franks.</i>					
Air Service.....	16,154,966.39				
Engineer Corps.....	4,482,910.05				
Medical Corps.....	3,760.79				
Motor Transport.....	1,198,179.80				
Ordnance Department.....	1,122,025.05				
Quartermaster Corps.....	14,654,480.70				
Signal Corps.....	98,303.81				
21,859,660.20	455,018,279.14				
5. Amount due on account of sale to France of Cha- teaux tank plant contract between the United States of America and the Government of His Britannic Majesty, dated January 22, 1919: Amount to be paid by France, 20,000,000.00: United States proportion, 30%.....		6,000,000.00			
6. Payment of Swiss francs on account of Requisition Order 483 P. O. O. D. 710, dated January 2, 1918, later modified under date of June 5, 1918, for 8,000,000 fuses: 5,217,046.37 Swiss francs @ 1.1625.....		6,064,819.90			
7. Payment of Swiss francs which is to be used by the French Government in settlement of contracts in Switzerland on account of fuses: 1,769,451.06 Swiss francs @ 1.1625.....		2,056,986.85			
Total credits due the United States from the Republic of France.....	184,572,573.01	469,140,085.89	Total credits due the Republic of France from the United States.....	1,422,708.15	1,957,759,113.41
Balance due the Republic of France from the United States.....		1,488,619,027.52	Balance due the United States from the Re- public of France.....	177,149,866.86	
	184,572,573.01	1,957,759,113.41		184,572,573.01	1,957,759,113.41

## APPENDIX XXXIII.

## FRENCH CONTRACT OF INDEMNITY FOR TORTS, WORKMEN'S COMPENSATION, RENTS, AND REQUISITIONS.

*This contract*, entered into this first day of December, A. D. 1919, by and between the United States of America (hereinafter called "America"), acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, of the one part, and the Republic of France (hereinafter called "France"), acting through Edouard Ignace, le Sous-Secrétaire d'Etat de la Justice Militaire au Ministère de la Guerre, of the other part, witnesseth:

That *whereas*, between the 6th day of April, 1917, and the 31st day of December, 1919 (hereinafter designated "War period") the War Department of the United States and members of its military forces, including the American Expeditionary Forces and the American Forces in France (all hereinafter referred to as "American Military Forces") have, as incidental to or as connected with the conduct of the war in the prosecution of which the parties hereto were associated, occupied and used real property, appropriated and used personal property, damaged real and personal property, and damaged individuals resulting in their injury or death; all of which said occupancies, appropriations, uses, and damages occurred or shall occur in France during the said War period; and

*Whereas* America has maintained representatives in France for more than a year after the signing of the Armistice for the purpose of receiving investigating, and settling all claims filed or lodged against it; and

*Whereas*, the work of these representatives has been practically completed in so far as the receipt, investigation, and consideration of all such claims is concerned; and

Ce contrat rédigé le 1<sup>er</sup> Décembre 1919 a été établi par et entre le Gouvernement des Etats-Unis (appelé ci-après "Amérique") représenté par la Commission de Liquidation des Etats-Unis du Département de la Guerre, Edwin B. Parker, président, d'une part; et la République Française, (appelée ci-après "France") représentée par M. Edouard Ignace, Sous-Secrétaire d'Etat de la Justice Militaire au Ministère de la Guerre, d'autre part;

Etant donné qu'entre le 6 Avril 1917 et le 31 Décembre 1919 (dénommé ci-après "Période de Guerre") le Département de la Guerre des Etats-Unis l'Amérique et le personnel faisant partie de ses Forces Militaires, y compris les Forces Expéditionnaires Américaines et les Forces Américaines en France (tous ci-après désignés sous le nom de "Forces Militaires Américaines") ont, d'une façon plus ou moins directement liés à la conduite de la guerre, pour la poursuite de laquelle les deux parties s'étaient associées, occupé et utilisé des immeubles, se sont approprié et ont utilisé des biens mobiliers, ont détérioré des immeubles et des biens mobiliers et ont porté préjudice à des individus en leur causant soit des blessures, soit la mort; et étant donné que tous les dits occupations, appropriations, utilisations et dommages ont eus lieu ou auront lieu en France pendant la dite période de Guerre; et

Etant donné que l'Amérique a maintenu des représentants en France pendant plus d'une année après la signature de l'Armistice dans le but de recevoir, d'enquêter et de régler toutes les réclamations présentées ou déposées contre elle; et

Etant donné que le travail de ces représentants a été pratiquement complété autant que la réception, l'enquête et toutes considérations relatives à ces réclamations l'ont permis; et

Whereas France has agreed, for the considerations herein set forth, to substitute itself for America in reference to, and guarantees the latter against, all unsettled claims, and also those concerning which offers of settlement have not been accepted, arising or accruing during the War period, save those specifically excepted in Article II hereof;

Now, therefore, in consideration of the premises, it is mutually agreed between the parties hereto as follows:

ARTICLE I. France hereby substitutes itself for America in reference to, and guarantees the latter against, all claims, demands, obligations, rights, actions, suits, and controversies of every nature, arising in France during the said war period, which any inhabitant or any person subject to the sovereignty of France, or any organization, association or corporation, commune or department of France may now have or which may hereafter accrue, for damage to, use or loss of property, or injuries to or death of persons, caused by or resulting from acts or omissions of members of the American Military Forces, or of any one connected therewith (not including members of the American welfare organizations) during the said war period, particularly the following:

(a) All claims which America is authorized to pay to the inhabitants of France under an act of America's Congress approved April 18, 1918, entitled "An act to give indemnity for damages caused by American forces abroad."

(b) All claims, whether caused by acts or omissions of members of the American Military Forces, or any other persons, arising from injury to or death of civilian employees and laborers of America, excepting claims of the nationals of America (workmen's compensation cases).

(c) All claims for the occupation and use of real property, damages

Etant donné que la France a consenti pour les considérations mentionnées ci-dessous à se substituer et par suite à garantir l'Amérique contre toutes réclamations non réglées ou dont les offres de règlement n'auront pas été acceptées, s'élevant ou s'accumulant durant la période de Guerre, à l'exception de celles mentionnées à l'Article II suivant;

En conséquence, étant donné ce qui précède, il est décidé d'un commun accord ce qui suit entre les dites parties.

ARTICLE I. La France se substitue par les présentes à l'Amérique et la garantit contre toutes réclamations, demandes, obligations, droits, actions, poursuites et controverses de toute nature élevés en France pendant la dite période de Guerre, que tout habitant ou tout ressortissant Français ou toute autre personne morale, commune ou département de France peut encore avoir à présenter ou qui pourrait par la suite être présenté pour dommages, usage ou perte de biens; ou dommages aux personnes par suite de blessures ou décès causés par, ou résultant, d'actes ou négligences des Membres des Forces Militaires Américaines ou quiconque y a été rattaché (à l'exclusion des Membres des Œuvres de Bienfaisance Américaines) pendant la dite période de Guerre, c'est à dire:

(a) Toutes réclamations que l'Amérique est autorisée à payer aux habitants de France par l'Acte du Congrès Américain approuvé le 18 Avril 1918 et intitulé "Acte pour donner une indemnité pour dommages causés par les Forces Américaines à l'Extérieur."

(b) Toutes réclamations qu'elles proviennent d'acte ou de négligence des Membres des Forces Militaires Américaines ou toute autre personne et ayant pour causes les blessures ou la mort occasionées à des employés et ouvriers civils de l'Armée Américaine à l'exception des réclamations des nationaux Américains (Accidents du Travail).

(c) Toutes réclamations pour occupation et usage de biens immobiliers,

thereto, and restoration expenses, resulting from the occupation in any manner whatsoever of said real property by the American Military Forces.

(d) All claims resulting from requisitions, formal or informal, for the appropriations, use, damage, or destruction of personal property.

ARTICLE II. *It is expressly understood and agreed, however,* that the following claims are excepted from the operation of this agreement, and that France does not assume or agree to pay the following:

(a) All claims against America arising from breach of contracts for the manufacture or furnishing of supplies, materials, or equipments, or for the rendition of services; except, however, all leases and contracts for the occupation of property.

(b) All claims cognizable under the general Admiralty law, that is to say, claims by or against vessels of America.

dommages y relatifs et dépenses de remise en état quand il y a eu occupation par les Forces Militaires Américaines à quelque titre que ce soit.

(d) Toutes réclamations pour réquisitions (régulières ou non) pour appropriation, usage, dégâts ou destruction des biens mobiliers.

ARTICLE II. *Il est expressément reconnu et convenu, cependant,* que les réclamations suivantes sont exceptées des clauses de ce contrat et que la France ne prend pas en charge et ne consent pas à payer ce qui suit:

(a) Toutes réclamations contre l'Amérique qui sont la conséquence des ruptures de contrat pour la fabrication ou la fourniture d'approvisionnements, matériel ou équipement ou pour services rendus, et à l'exclusion des baux et contrats de location.

(b) Toutes les réclamations qui tombent sous le coup de Loi Générale d'Amirauté, c'est à dire, les réclamations pour ou contre les vaisseaux de l'Amérique.

ARTICLE III. America agrees to pay, in cash, the sum of twelve million (frs. 12,000,000) francs (hereinafter designated "Minimum payment"). If upon the 31st day of December, 1923, the aggregate of all payments made by France to claimants on account of the claims assumed by it exceeds said minimum payment, then in such event America agrees, on demand, to then pay to France such excess, provided, however, that such additional payment by America shall in no event exceed the sum of six million (frs. 6,000,000) francs.

ARTICLE III. L'Amérique, accepte de payer en espèces, la somme de douze millions francs (frs. 12,000,000) (ci-après désignée comme "Paiement minimum"). Si le 31 Décembre 1923 le total de tous les paiements effectués par la France aux réclamants sur les réclamations prises en charge par elle dépassait le paiement minimum sus-indiqué, dans ce cas l'Amérique accepte de payer à la France sur sa demande les sommes en excédent. Sous réserve, cependant, que ce paiement additionnel fait par l'Amérique ne devra en aucun cas dépasser la somme de six millions francs (frs. 6,000,000).

ARTICLE IV. It is further agreed that the 12,000,000 francs mentioned in Art. III hereof as the minimum payment will be added to the indebtedness in francs which America has acknowledged as due to France by contract dated November 25th, 1919. The method of payment of said 12,000,000 francs will be arranged at the same time as the method of payment of the sums mentioned in said contract of No-

ARTICLE IV. Il est de plus entendu que les douze millions de francs indiqués comme prix minimum dans l'Article ci-dessus seront ajoutés à la dette en francs que l'Amérique a reconnu avoir contracté vis à vis de la France par le contrat du 25 Novembre 1919. Les modalités de paiement de ces douze millions de francs seront donc réglées en même temps que les modalités de paiement des sommes in-

vember 25th, 1919. This method and the rate of exchange for the conversion of francs into dollars, and dollars into francs, will be made the subject of an agreement to be entered into in the future, following the negotiations which are now in progress on this subject between the representatives of the two Governments.

ARTICLE V. America agrees to leave in France until December 31, 1923, accessible at all times to the authorized representatives of France, all records, reports, and correspondence of every nature whatsoever pertaining to claims assumed by France hereunder, and claims of like nature which have heretofore been settled and disposed of by America, for the use of France in considering and dealing with all pending claims or claims that may hereafter be presented.

In witness whereof, on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman, and by the Republic of France, acting through M. Edouard Ignace, le Sous-Secrétaire d'Etat de la Justice Militaire au Ministère de la Guerre.

UNITED STATES OF AMERICA,  
By EDWIN B. PARKER,  
*Chairman, United States Liquidation  
Commission—War Department.*

REPUBLIC OF FRANCE.  
By EDOUARD IGNACE,  
*Sous-Secrétaire d'Etat de la Justice  
Militaire au Ministère de la Guerre.*

diquées dans le Contrat du 25 du Novembre, ces modalités et le taux du change pour la conversion des francs en dollars et réciproquement devant faire l'objet d'un accord ultérieur faisant suite aux négociations qui se poursuivent à ce sujet entre les représentants des deux Gouvernements.

ARTICLE V. L'Amérique accepte de laisser en France jusqu'au 31 Décembre 1923 à la disposition à tout moment des représentants autorisés de la France toutes les archives, rapports et correspondances de toute nature relatifs aux réclamations prises en charge par la France par les présentes, et relatifs aux réclamations similaires qui ont été jusqu'ici réglées par l'Amérique, pour les besoins de la France afin de considérer et régler toutes les réclamations maintenant en instance ou les réclamations qui pourraient être présentées postérieurement.

En foi de quoi, le jour et l'an au debut précités ce contrat a été rédigé en quatre exemplaire, chacun d'eux ayant la même valeur et effet qu'un original, par les Etats-Uni d'Amérique, représentés par la Commission de Liquidation des Etats-Unis du Département de la Guerre, Edwin B. Parker, Président, et par la République Française, représentée par M. Edouard Ignace, Sous-secrétaire d'Etat de la Justice Militaire au Ministère de la Guerre.

ETATS-UNIS D'AMERIQUE.  
Par EDWIN B. PARKER,  
*President, Commission de Liquidation  
des Etats-Unis, Department de la  
Guerre.*

REPUBLIQUE FRANCAISE.  
Par EDOUARD IGNACE,  
*Sous-Secrétaire d'Etat de la Justice  
Militaire au Ministère de la Guerre.*

## APPENDIX XXXIV.

### CUTHELL-BROFFERIO AGREEMENT.

*This agreement, made and entered into this 13th day of August, A. D. 1919, by and between Comm. Gran Croce Federico Brofferio, Consigliere di Stato, and duly authorized representative of the under secretary of the treasury*



for the liquidation of the arms and munitions and the aeronautical departments, and duly authorized representative of the Interministerial Committee of the Royal Italian Government for the readjustment of the industries of the war, and Mr. Chester W. Cuthell, special representative of the Secretary of War of the United States of America, witnesseth:

*Whereas* the War Department of the United States has requested that it be reimbursed by Italy for moneys paid out and indebtedness incurred by it in behalf of Italy both under formal contracts for the delivery of war materials to Italy at cost and under informal arrangements made to supply such war materials needed by Italy in the prosecution of the war but not required after the armistice, the nature and amounts of such claims of the War Department being set forth in the letters addressed to Commandatore Brofferio by Mr. Cuthell, under date of April 26, 1919, and by Mr. Ray, assistant to Mr. Cuthell, under date of July 11, 1919; and

*Whereas* Commandatore Brofferio and Chester W. Cuthell, being charged by their respective Governments to determine the amounts due from Italy to the War Department of the United States and the settlement to be made therefor, in respect to the matters hereinafter set forth, have made the following agreement for settlement and liquidation thereof:

*Now, therefore*, in consideration of the premises and of the importance of avoiding misunderstandings and delays in the adjustment of war-time transactions, the parties hereto, acting for and in behalf of their respective Governments and the departments thereof concerned with the transactions herein referred to, do agree as follows:

## I.

The amounts due and payable by Italy to the War Department in respect to picric acid (not delivered), spruce and fir, and nitrocellulose powder are as follows:

Picric acid .....	\$4,000,000
Spruce and fir .....	1,700,000
Nitrocellulose powder .....	250,000
	<hr/>
	5,950,000

The War Department will make to Italy an allowance of seven hundred fifty thousand dollars (\$750,000.00) to be applied upon said sum of five million nine hundred fifty thousand dollars (\$5,950,000.00), making the balance due thereon five million two hundred thousand dollars (\$5,200,000.00).

## II.

The War Department will waive and cancel its claims against Italy for four million thirty-eight thousand dollars (\$4,038,000.00) for trinitrotoluol, for one million three hundred twenty-three thousand dollars (\$1,323,000.00) for cotton liners,

## III.

Italy hereby cancels and releases any and all claims arising from facts and involving principles similar to these upon which the claims above referred to are based which Italy has or may have against the War Department, including, among others, claims to be reimbursed for expenditures made for extensions of plants for the manufacture of airplanes, hydroplanes, automobiles, and

other war materials in Italy, for losses sustained by Italy upon raw materials accumulated for such manufacture, and for excess of actual costs of materials supplied to the War Department over the amounts for which such materials have been invoiced to the War Department. All property, equipment, raw materials, and finished products acquired by Italy in respect to the claims hereby waived by it shall be and remain the sole property of Italy. Commandatore Brofferio states that the claims hereby waived by Italy exceed one million dollars (\$1,000,000.00) in amount. Mr. Ray states that he does not know of the existence of any claims of the War Department against Italy other than those set forth in this agreement which arise from facts or involve principles similar to those upon which the claims referred to in this agreement are based.

#### IV.

The following claims of the War Department against Italy are balances due for the cost of commodities delivered to Italy, concerning which Commandatore Brofferio states that he has not sufficient information to justify the inclusion of any particular amounts therefor in this agreement:

Picric acid excess raw material cost-----	\$319,000
Ammonium nitrate -----	156,656
Overcoats -----	147,789
Dixie magnetos -----	47,175
Liberty motors -----	26,728

Invoices therefor have been presented to the Italian Military Mission in the United States, but the War Department records show that payment thereof has not yet been made. Commandatore Brofferio has been informed that the invoice for Liberty motors, above referred to, has been paid. If they have not been paid the invoices for these commodities shall, in the usual course, be paid by the Italian Military Mission at Washington, D. C., as and when such invoices shall have been duly audited by it. Directions to this effect shall be forwarded to the Italian Military Mission immediately.

The War Department has rendered to the Italian Military Mission in the United States invoices in the sum of one hundred eighty-four thousand eighty dollars (\$184,080.00), for copper ingots shipped to Italy in connection with the electrification of the Modane Railway. These invoices have not been paid. The question of who shall pay for that improvement is before the Supreme Interallied Authorities. This agreement shall not affect in any way the rights of Italy or the War Department in respect to payment for said copper. It is convenient that settlement for said copper shall await the decision of the Supreme War Council or other competent authority and be made in accordance therewith.

#### V.

It is understood and agreed that the figures herein above set forth in paragraphs 1 and 2 are based in part upon estimates and that this settlement is made arbitrarily in the interests of both Governments. No further accounting shall be requested by either in respect thereto, either as to salvage values or otherwise. All property, equipment, raw material, and finished products acquired by the United States in the transactions from which such claims arise shall be and remain the sole property of the United States.

## VI.

The purpose of this agreement is the determination of the amounts now due from Italy in connection with the supply of war materials requested in behalf of the Italian Army for the prosecution of the war. The question of whether payment of the amount of five million two hundred thousand dollars (\$5,200,000.00) set forth in paragraph 1 can be made by credits from the United States is solely within the jurisdiction of the Treasury Departments of the two countries.

In witness whereof, the parties hereto have hereunto set their hands upon duplicate originals, the day and year first above written.

(Signed) FEDERICO BROFFERIO,

*Comm. Gr. Cr. Authorized Representative of the Interministerial Committee of the Italian Government for the Readjustment of the Industries of War.*

(Signed) CHESTER W. CUTHELL,

*Special Representative of the Secretary of War of the United States of America.*

By JOHN H. RAY, JR., *Assistant.*

In presence of:

(Signed) F. C. WEEMS.

(Signed) F. VIMERCATI.

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### APPENDIX XXXV.

#### GENERAL SETTLEMENT BETWEEN UNITED STATES OF AMERICA AND KINGDOM OF ITALY. FEBRUARY 18, 1920.

*This contract* entered into this 18th day of February, 1920, by and between the United States of America (hereinafter called "America") acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman (by Harry T. Klein, special representative), of the one part; and the Kingdom of Italy (hereinafter called "Italy"), acting through General Angelo Modena for the Ministry of War, representing also the former ministry of arms and ammunitions, and the other ministries of the Kingdom of Italy, according to the delegation received from the council of ministers, of the other part, witnesseth:

That, *whereas*, between the 6th day of April, 1917, and the 31st day of December, 1919 (hereinafter designated war period), the War Department of the United States of America and the American Expeditionary Forces on the one part (hereinafter called War De-

Col presente contratto stipulato il 16mo Febbraio 1920 da e tra gli Stati Uniti di America (d'ora innanzi chiamati "America") rappresentati dalla Commissione di Liquidazione degli Stati Uniti, Dipartimento della Guerra, di cui è presidente il Sig. Edwin B. Parker, per mezzo del Sig. Harry T. Klein, "Delegato Speciale" da un lato, e il Regno d' Italia (d' ora innanzi chiamato "Italia"), rappresentato dal Generale Angelo Modena per il Ministero della Guerra, in rappresentanza anche dell' ex-Ministero Armi e Munizioni e degli altri Ministeri del Regno d' Italia, giusta delegazione avuta dal Consiglio dei Ministri, dall' altro lato, si stipula:

Considerato che tra il 6 Aprile 1917 e il 31 Dicembre 1919 (da qui innanzi chiamato "Periodo di guerra") il Dipartimento della Guerra degli Stati Uniti di America e le Forze Spedizione-rie Americane da un lato (di qui innanzi chiamati "Dipartimento della

partment) and the Ministry of War, the former ministry of arms and ammunition of Italy, and the Italian Army (hereinafter called Ministry of War) on the other part, had numerous transactions between each other connected with or incidental to the conduct of the war in the prosecution of which the parties were associated; and

*Whereas* America and Italy desire, with respect to such transactions as occurred in France, Italy, and regions adjoining Italy, to make a full, final, and complete settlement of all bills, accounts, claims, obligations, demands, rights, and causes of action of every nature whatsoever, whether growing out of the delivery of or contracts for the delivery of materials, supplies, or equipment; or for services rendered or contracted to be rendered; or for the occupation and use of all public properties of Italy, and all damages thereto; or otherwise, initiated, arising or accruing during the said war period, said settlement to be hereinafter designated as general settlement; and

*Whereas*, the military forces of America have, as incidental to or connected with the conduct of the war, occupied and used real property, appropriated and used personal property, damaged real and personal property, and damaged individuals, resulting in their injury or death; all of which said occupancies, appropriations, uses, and damages occurred during the said war period—and for which Italy has agreed to substitute herself for America and guarantee America against all such unsettled claims, for the consideration hereinafter set forth; and

*Whereas*, the parties hereto in arriving at such general settlement have agreed that in respect to the transactions aforesaid, there is due by Italy to America the sum of four million six hundred sixty-nine thousand nine hundred and seventy-four lire and seventy-

Guerra") e il Ministero della Guerra, l'ex Ministero della Armi e Munizioni dell'Italia e l'Esercito Italiano (d'ora innanzi chiamati "Ministero della Guerra") dall'altro lato, ebbero numerose transazioni tra di loro, connesse o dipendenti dalla condotta della guerra, nella prosecuzione della quale le due parti erano associate; o

Considerato che l'America e l'Italia desiderano, rispetto a tutte le transazioni che ebbero luogo in Francia, Italia e regioni limitrofe all'Italia, di fare un totale, finale e completo regolamento di tutte le fatture, conti, reclami, obbligazioni, domande, diritti e cause di azione, di ogni e qualsiasi natura, sia sorgenti dalla consegna o da contratti per la consegna di materiale, forniture o equipaggiamento, a per servizi resi o contrattati perchè fossero resi, o per la occupazione e uso di ogni proprietà pubblica d'Italia, e tutti i danni inerenti, sia in altro modo; iniziati, sorti o derivanti durante il detto "Periodo di guerra," dovendo tale regolamento d'ora innanzi essere designate come "Regolamento Generale"; o

Considerato che le forze militari dell'America hanno in conseguenza e in dipendenza della condotta della guerra occupato o usato proprietà immobiliari, preso possesso e usato di proprietà mobiliari, danneggiato proprietà immobiliari e mobiliari, e causato danni a individui, che risultarono in ferite o morte dei medesimi; tutte le quali occupazioni, preso di possesso, usi e danni sono accorsi durante il detto "Periodo di guerra", e per cui l'Italia ha convenuto di sostituirsi all'America a garantire la stessa contro tutti i detti non ancora regolati reclami alle condizioni qui sotto indicate; e

Considerato che le parti in parola nel giungere a tale Regolamento generale hanno convenuto che per rispetto alle transazioni summenzionate risulta un debito dell'Italia verso l'America di quattro milioni sei cento sessanta nove mila nove cento settanta quattro

one centimes (lire 4,669,974.71), and there is due by America to Italy the sum of thirty-three million seven hundred seventy-six thousand five hundred twenty-one lire and forty-four centimes (lire 33,776,521.44), and that there is therefore a net balance of twenty-nine million one hundred six thousand five hundred forty-six lire and seventy-five centimes (lire 29,106,546.75) due Italy, according to the liquidation account attached to this agreement.

*Now, therefore*, in consideration of the premises, it is mutually agreed between the parties hereto as follows:

ARTICLE 1. America agrees to pay in cash to Italy through the Ministry of War the said balance of twenty-nine million one hundred six thousand five hundred forty-six lire and seventy-five centimes (lire 29,106,546.75) within a month from the signature of the present agreement.

ARTICLE 2. Italy does hereby fully, completely and in all things release and discharge America, and America does hereby fully, completely and in all things, release, and discharge Italy, in respect to all of said transactions aforesaid arising in France, Italy and regions adjoining Italy, from all bills, accounts, claims, obligations, demands, rights, causes of action, suits, and controversies of every nature whatsoever, which either party now has against the other, or which may hereafter arise, whether by reason of or in any wise incident to or growing out of the delivery of or contracts for the delivery of materials, supplies, or equipment, or for services rendered or contracted to be rendered, or for the occupation and use of all public properties of Italy, and damages thereto, or otherwise, initiated, arising, or accruing in France, Italy, and regions adjoining Italy during the said war period between the War Department on the one part and the Ministry of War, representing also the other ministries, on the other.

lire e settanta uno centesimi (lire 4,669,974.71) ed un debito dell' America a favore dell' Italia di trenta tre milioni sette cento settanta sei mila cinquecento venti una lire e quaranta quattro centesimi (33,776,521.44); e perciò una differenza attiva a favore dell' Italia di venti nove milioni cento sei mila cinquecento quaranta sei lire e settanta cinque centesimi (lire 29,106,546.75) come da conto di liquidazione che si allega al presente contratto.

In vista di quanto sopra si è convenuto tra le due parti quanto segue:

ARTICOLO 1. L' America s' impegna di pagare in contanti all' Italia e per essa al Ministero della Guerra la detta somma di venti nove milioni cento sei mila cinquecento quaranta sei lire e settanta cinque centesimi (lire 29,106,546.75) entro un mese dalla firma della presente Convenzione.

ARTICOLO 2. L' Italia col presente contratto totalmente e completamente e sotto ogni punto di vista libera e scarica l' America, e l' America col presente contratto totalmente e completamente e sotto ogni punto di vista libera e scarica l' Italia, per rispetto a tutte le summenzionate transazioni che ebbero luogo in Francia, Italia e regioni finitime all' Italia, da ogni fattura, conto, reclamo, obbligazione, domanda, diritto, causa di azione, processo e controversio di qualsiasi natura che ognuna delle due parti ha ora contro l' altra, o che può sorgere in seguito; sia causati, sia in qualsivoglia modo risultanti o derivanti dalla consegna o dai contratti di consegna di materiali, forniture o equipaggiamenti, o da servizi resi o contrattati perchè fossero resi, o dall' occupazione e uso di qualsiasi pubblica proprietà in Italia, e danni inerenti, o in altro modo; iniziati, sorti o derivanti in Francia, Italia e regioni finitime all' Italia durante il detto Periodo di guerra tra il Dipartimento della Guerra da un lato e il Ministero della Guerra, in rappresentanza anche degli altri Ministeri, dall' altro lato.

ARTICLE 3. Italy does hereby agree to indemnify and save America harmless, and does hereby fully, completely, and in all things release and discharge America from all claims, demands, obligations, liabilities, suits, and controversies of every kind and nature arising in France, Italy, and regions adjoining Italy during said war period, which any inhabitant of Italy or any person subject to the sovereignty of Italy, or any organization, association, or corporation, commune, or Province of Italy may now have; or which may hereafter accrue, for damage to, use, occupation, or loss of property, real or personal; or injuries to or death of persons, caused by or resulting from acts or omissions of the American Military Forces, or of anyone connected therewith, and which have not already been paid directly by America.

ARTICLE 4. Nothing hereinbefore contained shall be held or construed to in any wise annul, alter, modify, or affect the formal obligations of Italy held by America (which do not concern the items included in the accounts hereto annexed); or the obligations of either party arising out of contracts, agreements, or arrangements entered into between said parties in America, or to in any wise affect any matters now pending in America between said parties. This agreement does not in any way alter or affect the contract made between Federico Brofferio, representing Italy, and Chester W. Cuthell, representing America, dated August 13, 1919, nor the contract made between Comm. Arrigo Gullini, representing Italy, and Major W. S. Franklin, representing America, dated March 16, 1919, relative to the transportation of American troops from Italy and Marseille to America. The claim of America against Italy for copper ingots shipped to Italy for the electrification of the Modane Railroad is not covered by this general settlement, said claim being held in abeyance pending a decision of the Inter-Allied Reparation

ARTICOLO III. L'Italia col presente contratto si obbliga a sostituirsi all' America garantendola totalmente, completamente e sotto ogni punto di vista liberandola e scaricandola riguardo a tutti i reclami, domande, obbligazioni, debiti, processi e controversia di ogni genere e natura sorgenti in Francia, Italia e regioni limitime all' Italia durante il detto Periodo di guerra, che qualunque abitante d' Italia, o qualunque persona soggetta alla sovranità d' Italia, o qualunque organizzazione, associazione, corporazione, Comune o Provincia d' Italia sellevi o possa sollevare più tardi per danni, uso, occupazione o perdita di proprietà immobiliare, o mobiliare o ferite o morte di persone causate o risultanti da atti o omissioni delle forze militari americane o di chiunque connesso colle medesime, che non siano già stati pagati direttamente dall' America.

ARTICOLO IV. Nulla di quanto è contenuto nel presente contratto dovrà essere ritenuto o interpretato per annullare, alterare, modificare o influire in alcun modo sulle obbligazioni formali dell' Italia nelle mani dell' America (che non riguardino le partite comprese nel conto allegato) o sulle obbligazioni di ambo le parte sorgenti da contratti, accordi o regolamenti stipulati tra le due parti in America; o per esercitare qualsiasi effetto sulle questioni ora pendenti in America tra le due parti summenzionate. Questa convenzione non riguarda o altera in alcun modo il contratto stipulato tra il Sr. Federico Brofferio in rappresentanza dell' Italia e il Sr. Chester W. Cuthell in rappresentanza dell' America, in data 13 Agosto 1919, e nemmeno quelle stipulato fra il Sr. Comm. Arrigo Gullini in rappresentanza dell' Italia e il Sr. Maggiore W. S. Franklin in rappresentanza dell' America, in data 16 Marzo 1919, relativo al trasporto delle truppe americane dall' Italia e da Marsiglia in America. Il reclamo dell' America contro l'Italia per verghe di rame spedite in Italia per l'elettrificazione della ferrovia di Modane non

Commission on the question as to who should pay for said improvement.

ARTICLE 5. This contract shall not be construed to relate to or in anywise affect transactions pertaining to any department or departments, agency or agencies, of the United States of America other than said War Department, and all of the agencies of said War Department and the American Army and all of its branches and agencies.

In witness whereof on the day and year first above written this contract has been executed in four parts, each having the full force and effect of an original, by America acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman (by Harry T. Klein, special representative), and by Italy, acting through General Angelo Modena, for the Ministry of War, and also for the former ministry of arms and ammunition and the other ministries.

UNITED STATES OF AMERICA.

*For United States Liquidation Commission—War Department,  
Edwin B. Parker, Chairman.*

By HARRY T. KLEIN,

*Special Representative.*

KINGDOM OF ITALY.

*For the Ministry of War and  
also Representing the Other  
Ministries.*

By ANGELO MODENA,

*Major General.*

è coperto dal presente Regolamento Generale tale reclamo dovendo essere tenuto in sospezo in attesa di una decisione della Commissione interalleata delle riparazioni sulla questione: Chi deve pagare per tale miglioramento.

ARTICOLO V. Questo contratto non potrà essere interpretato come riferentesi o in qualsiasi modo riguardante transazioni concernenti qualsiasi Dipartimento o Dipartimenti, Rappresentanza o Rappresentanze degli Stati Uniti di America all' infuori del detto Dipartimento della Guerra o tutte le Rappresentanze del medesimo Dipartimento della Guerra e l'Esercito Americano e tutti i suoi rami e Rappresentanze.

In testimonianza di quanto sopra, nel giorno o anno scritti in principio, il presente contratto è stato redatto in quattro copie, ciascuna avente la piena forza e l'effetto di un originale, dall' America, rappresentata dalla Commissione di Liquidazione degli Stati Uniti, Dipartimento della Guerra, di cui è Presidente il Sr. Edwin B. Parker, in persona del Sr. Harry T. Klein, Delegato Speciale, e dall' Italia, rappresentata dal Generale Angelo Modena, pel Ministero della Guerra e anche per l' ex-Ministero Armi e Munizioni e per gli altri Ministeri.

STATI UNITI DI AMERICA.

*Par la Commissione de Liquidation degli Stati Uniti—Dipartimento della Guerra, Edwin B. Parker, Presidente.*

Per HARRY T. KLEIN,

*Delegato Speciale.*

REGNO D'ITALIA.

*Pel Ministero della Guerra in rappresentanza anche degli altri Ministeri.*

Per ANGELO MODENA,

*Maggiore Generale.*

*Statement of accounts of the Italian and American Governments for general settlement.*

ITALIAN ACCOUNTS.		AMERICAN ACCOUNTS.	
	<i>Lire.</i>		<i>Lire.</i>
Railway transportation account-----	1,166,512.40	Q. M. Corps bills, \$41,374.04; rate of exchange 13 lire to \$1-----	537,862.52
Miscellaneous material (to have been paid for in cash) \$3,823,429.50		Medical Corps bills, fr. 1,514,191.71; rate of exchange 1.20 lire to 1 fr--	1,817,030.05
Less bills for Signal Corps for labor and material, disallowed--	8,076.47	Transportation Corps bills--	2,128,700.00
	3,815,353.03	Q. M. Corps bills against Italian officers' mess, Lyon, France-----	77,497.14
Subsistence stores and other material to have been returned in kind, \$382,802.03; rate of exchange 13 lire to \$1----	4,976,426.39	Q. M. Corps bills for miscellaneous material-----	108,885.00
Aviation account (see procès verbal of December 10, 1919)-----	18,073,348.17		
Artillery account, gold fr. 2,705,398.40; rate of exchange 2.0526 lire to 1 gold franc-----	5,553,100.75		
R. R. & C. account-----	180,000.00		
American Relief Administration account-----	11,780.70		
Gross amount-----	33,776,521.44	Gross amount-----	4,669,974.71

## RECAPITULATION.

	<i>Lire.</i>
Gross amount due Italy-----	33,776,521.44
Gross amount due America-----	4,669,974.71
Net amount due Italy-----	29,106,546.75

This statement is in absolute agreement with the statement presented by the Italian office charged with making general settlement for Italy.

(Signed) VICTOR A. LIBRETTI,  
2nd Lieut., Q. M. Corps, U. S. Army.

WASHINGTON, D. C. May 25th, 1920.

Memorandum to be attached to all copies of statement of accounts of Italian and American Governments for general settlement, being basis of the general settlement of February 18th, 1920 (to be attached to all copies of contract in files).

1. In the column of credits to the American account in the attached general statement of accounts of the Italian and American Governments, item number 1, entitled "Q. M. C. bills," amounting to \$41,374.04, should read, "American bills in dollars," and includes the following:

(1) Motor Transport Corps bills, in dollars, against the Italian Government-----	\$120.35
(2) Ordnance Corps bills, in dollars, against the Italian Government-----	3,511.35
(3) Quartermaster Corps bills, in dollars, against the Italian Government-----	37,742.34
Total-----	41,374.04



2. Item number 2, entitled "Medical Corps bills," amounting to frs. 1,514,191.71, should read, "American bills in francs," and includes the following:

	Frs.
(1) Medical Corps bills in francs against the Italian Government .....	264, 279. 50
(2) Ordnance Corps bills in francs against the Italian Government.....	1, 249, 702. 21
(3) Quartermaster Corps bills in francs against the Italian Government .....	210. 00
Total .....	1, 514, 191. 71

3. Item number 3, entitled "Transportation Corps bills," amounting to lire 2,128,700.00, should read, "Motor Transport Corps bills."

LOUIS BROIDO.

### APPENDIX XXXVI.

#### UNITED STATES LIQUIDATION COMMISSION—WAR DEPARTMENT.

STATEMENT OF EXPENDITURES FROM DATE OF ORGANIZATION, FEBRUARY 11, 1919, TO  
MAY 31, 1920.

Salaries of Commissioners.....	\$31, 449. 97
Foreign per diem allowance of Commissioners.....	13, 529. 13
Salaries of civilian employees.....	85, 949. 77
Foreign per diem allowance of civilian employees.....	63, 419. 44
Foreign per diem allowance and expenses of military personnel.....	15, 046. 86
Office supplies, printing, etc.....	1, 701. 72
Loss on exchange.....	11. 706. 28
Total.....	222, 803. 17



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